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ABSTRACT

Designed to make disabled individuals aware of their own potential entrepreneurial capacities, this self-help manual provides information to help potential entrepreneurs make appropriate small business decisions and to find needed information and resources. Following a discussion of entrepreneurship as an employment option, various topics relevant to the disabled entrepreneur are covered, including entrepreneurial success stories, entrepreneurship and the self-help movement, and home-based entrepreneurs. Examined in a section on small business opportunities for disabled workers are the small business climate, the disabled worker, and special government help. Following a profile of the entrepreneur, the entrepreneurial decision and decision-making help are addressed. In a section devoted to developing and organizing a business enterprise the following topics are discussed: gathering ideas for business opportunities, the business outlook, entrepreneurial business opportunity areas for the 1980s, and forms of business organization. Guidelines are set forth for developing a business plan. Outlined next are types and sources of public and private assistance. Completing the guide is a section on locating a new enterprise, determining capital needs, and getting good help. Appended to the manual are lists of Small Business Administration regional offices, state vocational rehabilitation programs, and university business development centers. (MN)

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SMALL BUSINESS ENTERPRISES
FOR
WORKERS WITH DISABILITIES

INSTITUTE FOR INFORMATION STUDIES
Falls Church, Virginia

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INTRODUCTION - ENTREPRENEURSHIP AS AN EMPLOYMENT OPTION

A renewed emphasis has been placed upon dealing with discrimination toward people with disabilities in our society. In recent years there has been an increased focus on eliminating discrimination and other barriers to employment and occupational advancement of disabled workers. Numerous programs and laws have been devised at state and federal levels to encourage the recruitment, employment, and advancement of disabled workers throughout the economy. However, little attention has been paid to the role that disabled people can play as entrepreneurs and business owners. Furthermore, only limited public or private specialized assistance has been provided to disabled workers to help them become entrepreneurs and small business owners.

As a disabled person you have a vital role in our society and economy as a worker, investor, and consumer. Even though you are disabled, do not discount potential roles as a manager and owner of your own business. The entrepreneurial role does not suit everyone. However, the American dream rests on a philosophy of self-reliance, free enterprise, and a spirit of individual capacity to succeed in business. It is the individual entrepreneur who fuels growth and progress in our nation. The entrepreneur innovates and helps to build the large-scale industry of tomorrow. He or she creates goods and services which contribute to our economic health and standard of living. The future health of our economy depends upon encouraging all segments of our society to participate equally in its economic efforts. This includes tapping the entrepreneurial capacities and innovative talents of disabled workers.

The use of the term "entrepreneur" can be traced back to fifteenth century France where it meant "champion." More recently, the entrepreneur has been recognized as someone who organizes and manages a business undertaking and assumes risk for the sake of making a profit. Five years ago the term was rarely used in everyday language. Today, colleges give courses in entrepreneurship; books addressing the needs of the entrepreneur have proliferated; and magazines have been created overnight to cater to budding entrepreneurs. In a recent issue of Venture, "the magazine for entrepreneurs," the term was used more than ninety times in the eighty pages of text. With the sagging of the American economy and calls for reindustrialization of our aging industries, risk-taker entrepreneurs have become the new industrial heroes and heroines.

The Report of the 1980 White House Conference on Small Business heralds the "coming entrepreneurial decade." Recent figures indicate there are currently nearly 12 million small businesses in the United States. Other sources reveal there are almost 7 million self-employed Americans. The twentieth century has seen a steady decline in the number of small independent enterprises and in self-employment. This has been accompanied by increased domination by large corporations and government in the overall workforce. However, in the past few years this trend has seemed to reverse, and the small business economy has once again become the fastest growing segment of American business. Dun and Bradstreet statistics on new incorporations show that more than 520,000 new small businesses were started in 1979. Furthermore, an additional 1 million Americans joined the ranks of the self-employed during 1979.

Since nine out of every ten businesses are in the small business sector (employing more than one-half of the nation's workforce), it is clear that employment opportunities abound within small business enterprises. Whether an individual is self-employed in an unincorporated business, profession, or trade, operates a farm; or owns and manages an incorporated or proprietary concern; one aspect prevails. All these self-employment occupations require individuals with entrepreneurial interests and abilities. Entrepreneurs take personal risks by investing capital, ability, time, and effort to start their own businesses. They take these risks not only for financial return but also to attain a unique personal fulfillment. There is a strong sense of self-satisfaction, achievement, and independence in starting one's own business. This goes well beyond the self-esteem provided by being an employee or a success in someone else's business.

Self-employment and small business enterprises can offer a host of opportunities to you, the disabled worker. In a world of occupational stereotypes, many disabled workers confront substantial barriers to achieving satisfying employment. Millions of disabled persons in the laborforce are either unemployed or underemployed. Job bias has kept many from working, and when they do work, it has prevented them from entering and advancing into good jobs. Statistics have shown that there are probably more than 1 million underemployed disabled workers. These workers get what some might call the "leftovers" of available low-skill jobs. During the 1960s and 1970s many disabled workers found the option of not working more attractive than the low-wage, often menial, and unstable jobs available to them in the labor market. Many disincentives and prejudices also exist in the business world toward disabled entrepreneurs.

In the 1980s, entrepreneurship may provide a new means to dispel the bias and occupational stereotyping encountered by millions of disabled workers. Self-employment and small business enterprise ownership offer added alternatives to achieve social and economic equality. A wide gap exists between the increasing aspirations and capabilities of disabled workers and the actual opportunities to fulfill these aspirations. The transition of disabled workers to full economic independence will require massive changes in societal attitudes, business practices, education, and job preparation. If they are constitutionally suited to it, in what better way can disabled workers demonstrate their abilities than through successfully "becoming their own bosses?"

Small Business Enterprises for Workers With Disabilities has been written for you, the potential disabled entrepreneur. It is a self-help manual to raise your consciousness of your own potential entrepreneurial capacities. It aims to help you make the appropriate small business decisions and to find needed information and resources. Few entrepreneurs can start or stay in business without good professional and business advice and without adequate financial backing. This manual will inform you about businesses which may offer the best future opportunities, and it will review the diverse resources you will need as a disabled entrepreneur. Although the publication has been written with the disabled entrepreneur in mind, it may also prove useful to organizations and individuals concerned with helping or advising workers with disabilities. It should interest not only individual disabled entrepreneurs but also groups of disabled persons. Group ventures such as disabled-owned-and-operated independent living programs and cooperatives may find the manual valuable in exploring new small business opportunities.

We hope this manual will inspire increasing numbers of workers with disabilities, who are interested in it, to seek out self-employment and small business ownership as viable employment options. Many hundreds of disabled workers are fully capable of owning and operating their own small business enterprises. The more their accomplishments are recognized, the more society will appreciate their abilities. Potential entrepreneurs with disabilities should be given much more help and encouragement to pursue their career goals. Perhaps in some small way this manual will help you in your career planning. It may also help others to recognize the possibilities for the disabled entrepreneur.

THE DISABLED ENTREPRENEUR

ENTREPRENEURIAL SUCCESS STORIES

Before discussing what you need to know when starting out as an entrepreneur, it might be useful to look at some accomplishments of other disabled entrepreneurs. Entrepreneurs with disabilities have succeeded in almost every profession and line of business. No review of disabled entrepreneur success stories could possibly capture the true flavor of their accomplishments. This section will relate just a small sampling of such accounts. Thousands of others with mental and physical disabilities have demonstrated their entrepreneurial talents as well.

The successful small business enterprise should not be measured in dollar terms alone. Even when income is small the self-satisfaction and stimulation of self-employment may far outweigh monetary rewards. A part-time, seasonal, or home-based, small business venture can be both absorbing and satisfying. The success of a small business enterprise can only be measured in personal terms by entrepreneurs themselves. We hope this sampling of "success stories" reflects the range of possibilities for fulfilling, self-employment careers, and also stimulates your interest in starting a new small business enterprise.

Disabled Professionals

It takes brains, not strong legs, to practice, so Jack Karns and his partners see nothing unusual about their law firm.

There are no towering bookcases in the offices of Karns, Corbett and Kissane, no chairs behind the desks. The silence of the law firm is interrupted by the hum of a battery-powered wheelchair.

Karns, John Corbett and Dennis Kissane are paraplegics - all left paralyzed from the waist down by teenage accidents. The three became friends as undergraduates at the University of Pittsburgh, went on to graduate from Pitt's Law School and in 1974 opened their partnership. They hired Marti Pegnetter, also a wheelchair user as their legal secretary.

"The practice of law does not involve the capacity to walk but the capacity to think," said Karns, the eldest of the lawyers. "We don't see anything extraordinary. It's all a matter of living," said Corbett.

Although their achievement conjures up images of mental determination and extreme self-discipline, they deny it involved anything more than hard work.

"We look at our handicap as an inconvenience. Given more time and more effort we can accomplish the same as anyone else," said Kissane.

The lawyers try to minimize the inconveniences, thus shifting the emphasis from the physical to the mental.

Corbett said the lawyers have no problem gaining the confidence of their clients, since most of their business comes by referral, and people know what to expect when they enter the office. Most of their business involves divorces, estates, and small corporate accounts.

Reactions from other lawyers, according to Corbett, have run the gamut from respect to paternalism.

"The paternalism doesn't bother us, especially if it means they will underestimate us in the courtroom," Corbett said.

Business, as with most beginning law firms, is slow. According to Corbett, they estimate it will take five years to become established.

"It's all very simple," Corbett said. "You have to answer the question whether you want to continue living."*

- Disabled Franchise Owners

When Indiana farmer Dick Shierling lost his right arm, some said he would never adjust. Today he owns a multimillion dollar business.

Despite his handicap Dick owns and operates two McDonald's restaurants in Quincy, Illinois. When asked how the loss of his arm affected his career, Dick replied, "If anything, it has given me the desire to excel."

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*Excerpted from "Partners Rely On Brains, Not Legs," Pittsburgh (UPI), (Portland: The Oregon Journal, June 18, 1975).

"There's no reason why a handicapped person can't operate a business," he remarked. According to Dick, once the person accepts himself, he can make a valuable contribution to society. In my own case, I soon discovered my left hand. Instead of mourning the loss of my right, I learned how to use my left. I never consciously realized it was there before."

As an employer, Dick strongly believes in hiring on the basis of ability and potential. "Sure, being handicapped is a disadvantage, but people compensate by learning to develop new skills." As a handicapped person himself, Dick knows that more than anything else the handicapped employee seeks acceptance as a whole, productive person. "They have a strong amount of inner drive and usually give a superior job performance."

Another McDonald's franchise owner is Caesar Burke. Mr. Burke has never let his artificial leg interfere with his life. Even after a gun accident put him in a hospital, Caesar rapped with other patients, drank beer with the doctors, and flirted with the nurses. "Met my wife there," Caesar confides. "She was a nurse then and plenty jealous of all my girl friends."

Caesar Burke wanted to buy a supermarket, but his attorney recommended a McDonald's franchise instead. Aware of the demand for McDonald's restaurants, Caesar expected to be turned away because of his leg. "The subject wasn't even brought up," he said, "and within the year I had a restaurant in Cleveland, Ohio."

Caesar is a doer and doesn't believe in self-pity. "If you're handicapped, just don't get up-tight or depressed. You've got to keep on keeping on. After all," he joked, "when I had two legs, I didn't even have one McDonald's. Now I have one leg and two restaurants."*

- Home-based Disabled Entrepreneurs

The Maine Department of Human Services reports on one of the severely disabled homebound persons assisted into self-employment. Mr. S. was suffering problems from early adolescent polio. This disease caused significant nerve and muscle damage to his left leg which required a full-leg brace. Although his condition was stable, Mr. S. could only stand for limited periods and had severe mobility problems.

When he was twenty-two he applied for help to the Maine

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*Excerpted from: Hire the Handicapped, (Oakbrook: The McDonald's Corporation, undated).1

Vocational Rehabilitation Agency. Even though Mr. S. had experience as a machine operator for some four years, he was not satisfied with these jobs. After exploring a number of similar semiskilled machine operator jobs, it became apparent that his preferences and limited physical capacities precluded this type of employment.

A vocational exploration and occupational search with his vocational rehabilitation counselor revealed that Mr. S. had a longstanding hobby of designing and creating jewelry. As a part of the hobby he had developed a proficiency in metalworking and silversmithing.

Since Mr. S. lived in a rural part of the state and lacked reliable transportation, a home-based jewelry business appeared feasible. Based upon some business college training, Mr. S. was able to develop a business plan which included business costs, potential profit, and other self-employment information. The Small Business Consultant and vocational rehabilitation counselor provided advice and assistance in making initial business contacts. They also helped by getting financial support for the purchase of tools and equipment.

Mr. S. was able to set up a basic jeweler's shop in his own home in which he produced hand-crafted jewelry. Over a period of a year or so the operation was able to market jewelry in large quantities to local gift shops. Mr. S. also specialized in custom crafting jewelry around family heirlooms or preferred jewelry pieces. He also developed a relationship with other jewelers to do their delicate antique jewelry repair work. Mr. S. continued to expand his business through a wholesale marketing agent cooperative service operating throughout Maine. This co-op marketing group assists home craftspeople and cottage industry entrepreneurs to distribute their products. Now Mr. S. is successfully distributing his jewelry throughout New England and earning a good living.*

Another severely disabled entrepreneur, Tom Rogers, is employed at home as an investment manager. Tom is paralyzed from the neck down. In his freshman year at Cornell University he was stricken with polio. This was followed by years of immobility and iron lungs. Although breathing is difficult for Tom, he now does so all day long without artificial breathing assistance. At night he sleeps in a motorized bed which induces his breathing while asleep.

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*Excerpted from: National Rehabilitation Association, Rehabilitation of the Homebound and Institutionalized Individual, A Case Book, (Washington: National Congress on Rehabilitation of Homebound and Institutionalized Persons, National Rehabilitation Association, September 1978).

At first Tom worked for Waddell and Reed as a mutual fund salesman. In an effort to fully use his entrepreneurial talents, he eventually set up his own office at home, Thomas Rogers Company, Investments. His firm not only handles mutual funds but other listed and over-the-counter securities. In addition, he completed a law degree while continuing his business dealings.

As a part of his home investment business, Tom uses a special collar to perform some essential functions. This device, which was designed by the Illinois Bell Telephone Company, enables him to: operate a page turner, work telephones, talk to callers, activate a tape recorder, and other activities.

Before taking his bar exam Tom noted: "Law would be good; I like taxes and estate planning, but it seems just a little dry compared to the market. I'm trying to discover at this point where the best potential is. I guess my view of law is somewhat changed by the fact that I seem to be making out as a broker."

Tom does most of his business in the afternoon and evening. Occasionally, he conducts investment club meetings in a basement room in his home. He's a great believer in mutual funds and handles this business directly. When dealing with other transactions he channels his business through regular brokerage houses. Tom Rogers, with a lot of drive and some technical modifications, has been able to successfully pursue a self-employed career in law and investment management.*

Forty-one-year old Jesse Spiers was born with what doctors describe as "a time bomb waiting to go off." Doctors believe that he was born with an aneurysm on his spinal cord which eventually paralyzed him from his arms down. Before he was paralyzed in his thirties Jesse had worked as a land surveyor.

After his paralysis he said it was like being graduated from high school again. Jesse says, "You don't know what you want to do."

In a few years Jesse became interested in developing a new career, and he entered Virginia Commonwealth University studying computer science. This was accomplished under the sponsorship of

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*Excerpted from: William Clark, "Investment Management, Courage and Science Helped Tom Rogers Totally Paralyzed by Polio, to Rebuild His Career," reprinted in Home Operated Business Opportunities for the Disabled, Accent Special Publications, (Bloomfield: Cheever Publishing, Inc., 1977).

Vocational Rehabilitation Agency. Later he was enrolled in a special project supported by the International Business Machines Corporation (IBM) at the Woodrow Wilson Rehabilitation Center in Fishersville, Virginia.

As a computer programmer, Jesse now writes computer programs for local banks. He receives specifications for a particular job at home and turns these into computer programs. Jesse says, "An outline for specifications for a particular job that they want written so that the computer can handle it is sent. I turn the specs into instructions that the computer will translate into action."

Jesse receives his materials and instructions from the bank by telephone or by interbank mail. If there are any problems or questions, he uses the telephone to straighten them out. Jesse has been successfully operating from his home for more than six years and earns as much as his computer programmer colleagues who do the same work within banks.*

● A Disabled Corporate Venture

In 1968 Surinder S. Dhillon was involved in an automobile accident which almost totally disabled him. When he applied for assistance from his local vocational rehabilitation agency, he was at first declared ineligible. His vocational rehabilitation counselor doubted Mr. Dhillon would ever work again because of his extensive paralysis. Finally, convinced by Mr. Dhillon's determination, he helped design a special program in computer programming for him.

Initially, Mr. Dhillon worked as a contract employee for a computer firm and acquired experience in the technical and systems analysis aspects of the computer business. After seeking legal and accounting help, in 1972 he incorporated as Rehab Group, Inc., in Arlington, Virginia. His initial efforts were based on self-financing supplemented by subsequent governmental assistance and good professional advice. He was fortunate in that the personal services consulting and information processing firm he established did not require large sums of initial capital.

Within a few years Rehab Group, Inc., has grown to a consulting firm employing more than 250 people and generating annual sales of more than 3 million dollars. Many of the corporation's employees have severe disabilities. Both in philosophy and operation, Rehab Group, Inc. is a true success story of disabled entrepreneurship. Although the corporation initially concentrated its efforts on information technology and computer services, it has since expanded to other areas of consultation.

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*Adapted from: Alberta Cliborne, "Stay-At-Home Writes Bank Computer Programs," Richmond Newsleader, May 20, 1976.

Currently it is involved in such diverse areas as travel, transportation, electronics, and international consultation. The largest operating group of the organization continues to focus on computer-based information systems, micrographics, system design, computer programming, and facilities management. Rehab Group, Inc., has successfully completed consulting and technical advisory services to state and federal government agencies, hospitals, and other groups. This has included the design of barrier-free facilities, development of transportation systems for disabled persons, and in-service training. The corporation is also involved in research and development activities including development of inexpensive wheelchair lifts, vans, and other devices promoting independence for wheelchair users.

Mr. Dhillon, like several of Rehab Group, Inc. employees, uses a motorized wheelchair, because he has little voluntary muscle control. He has demonstrated that severe disabilities can be overcome through entrepreneurial spirit and initiative. A corporate executive in his mid-thirties, one of Mr. Dhillon's greatest frustrations is his difficulty in recruiting sufficient severely disabled persons to work for his firm.*

- A Disabled Retail Businessman

William Fly had been a registered pharmacist for some thirty years. In April 1976 his left arm and shoulder were amputated, and he was fired from his job in a pharmacy in Denver, Colorado. Since he was unable to find satisfactory employment, he and his wife decided to open their own pharmacy. They invested their modest savings of $2,500 in 1977 and leased an existing pharmacy. The drugstore was operating under separate ownership and Mr. and Mrs. Fly operated a pharmacy section in the store. In hopes of purchasing the balance of the drugstore they attempted to apply for conventional loans.

However, because he was considered a poor risk, the Flys were continually turned down by local banks. Finally, as a last resort, Mr. Fly approached the Small Business Administration about assuming an existing loan on the drugstore. Mr. Fly found out about the Handicapped Assistance Loan (HAL-II) Program and with little encouragement or information from SBA, finally received a three percent loan on the existing debt. According to Mr. Fly, after applying for the SBA loan, "We could not get any information from them as to how soon it would be, or if it was going to be approved, or if we should start looking for something else to do."

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*Adapted from information contained in: "Statement of Surinder S. Dhillon, President, Rehab Group, Inc." in Rehabilitation of the Handicapped Programs, 1976, Part II, before Subcommittee on the Handicapped, U.S. Senate Committee on Labor and Public Welfare, Washington, DC, March 31 and April 5, 1976.

Mr. Fly noted that in the five-month wait for the loan, "We had very little income from the small pharmacy because just a few prescriptions a day are not enough to keep body and soul together." He continues, "We considered forgetting the whole thing for awhile. They finally granted the loan. This really saved my wife and myself and family from complete financial disaster. We were almost there anyway."

Mr. Fly feels that there are great numbers of disabled persons who could benefit from a HAL-II loan. He emphasized that very few professionals (including rehabilitation counselors) are informed enough to give advice about the program. He did receive some management assistance from the local Small Business Administration office, but had difficulty in getting help at the right time and to the extent he needed it. Mr. Fly is another example of a determined disabled entrepreneur.*

ENTREPRENEURSHIP AND THE SELF-HELP MOVEMENT

Although the primary focus of this book is the individual disabled entrepreneur, some attention should also be paid to groups of workers with disabilities. Instead of developing a business alone, you may want to start a joint venture. In the past decade small self-help and consumer groups composed of disabled persons have organized under various organizational frameworks and sponsoring structures. It is estimated that there are as many as 2,500 disabled self-help organizations in the United States.[2] They are commonly organized on national, state, and local levels as nonprofit organizations. Many of them were organized as advocates for disabled persons or as service providers. These groups have consistently striven to influence the policies of private and public programs. In addition, they have received grants and contracts to operate programs and services for disabled individuals.

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*Adapted from: "Statement of William S. Fly, Registered Pharmacist, Fly Apothecary Pharmacy, Lyons, Colorado" in Economic Self-Sufficiency of the Handicapped and the Small Business Administration, Hearings before the Select Committee on Small Business, U.S. Senate, Denver, Colorado, January 29, 1977.[3]

PROGRAMS OPERATED BY SELF-HELP GROUPS

- Independent living programs (providing information and referral services, outreach, transportation, attendant care, housing, health care, wheelchair repair services, interpreter services for the deaf, etc.)
- Job development, work station modification, and employer counseling and awareness programs
- Training and educational seminars on disability topics such as Section 504 nondiscrimination compliance
- Transitional living programs
- Peer counseling services
- Ombudsman or advocacy services
- Advisory and other policy development services

Self-help sponsored projects have largely been supported by federal grants through the state-federal vocational rehabilitation program, the U.S. Department of Housing and Urban Development, the U.S. Department of Transportation - Urban Mass Transit Administration, and other special federal programs assisting disabled persons. In addition, such projects have been supported by a mix of private and public funds. Generally, the major funding falls into the category of "contributed income." This is obtained from gifts, grants, and contributions rather than from "earned income" developed by selling products and services. In some instances, self-help groups of disabled persons have expanded their operations to include commercial, industrial, or other business operations. Some groups have also sold services to vocational rehabilitation agencies and other human or social service agencies as service vendors.

In recent years the activities of self-help groups have accelerated through authority for funding of disabled-operated independent living centers under Title VII, Part B of the Rehabilitation Act of 1973 (as amended in 1978). More than seventy-five such projects are currently funded under the Title VII Centers for Independent Living Program. However, there is considerable concern about the long-term funding of these and other self-help service ventures. According to a recent study of independent living centers in California, they depend heavily on "soft money" sources from government agencies via grants and "contributed income." Some ninety percent of all income came from public funds. The study concluded that in the long run more stable sources of funding are necessary to promote organizational stability. Although some of the centers have already developed "fee-for-service" approaches, difficulty was reported in recovering full costs under such programs.4

Many informed individuals have suggested that self-help groups should strongly consider increasing "earned income" through various small business ventures. To date, such ventures have been primarily directed at rendering services to disabled persons themselves. Ventures have usually been nonprofit services providing wheelchair repair, housing, supportive services, attendant-care services, health-maintenance services, and others.

What has been suggested is that profitmaking as well as nonprofit ventures should be launched in all areas of entrepreneurial opportunity.

Most tax-exempt, nonprofit organizations (except private foundations) are permitted to operate businesses either directly or through subsidiaries. If the business activity is considered to be unrelated to the parent organization's basic purpose, however, the Internal Revenue Service (IRS) may consider it taxable at regular corporate tax rates. One concern of the IRS is that the financial base of the nonprofit group be balanced. That is, in cases where the business becomes the primary pursuit of the parent group, there may be problems with its tax status.

In practice there are a number of ways that self-help groups can organize their business activities. They can do so as:

- Nonprofit charitable, scientific, or educational associations
- For-profit partnerships and corporations
- Cooperatives, combines, or other forms of organization.

A nonprofit group may operate a for-profit business, and likewise a for-profit business may run a nonprofit foundation or charitable tax-exempt operation. As for the type of business venture, a disabled group entrepreneurial effort may be as varied as any other business venture.

One suggestion has been made that for-profit and not-for-profit group homes, congregate housing, housing projects, residential housing, and other ventures would be appropriate. This makes sense for those organizations and individuals which are already experienced and interested in such ventures. Often, organizations involved in housing alternatives and home health care for disabled persons can easily extend their projects from serving disabled persons to serving elderly and other disadvantaged persons. The ultimate decision to go into a particular industry or entrepreneurial area must rely upon business criteria. The viability of such a venture should be fully explored via a good business plan.

HOME-BASED ENTREPRENEURS

Special note should be made of home-based entrepreneurial ventures. For many years homebound rehabilitation efforts have stressed home employment opportunities. In many cases these efforts have been based on crafts production and/or subcontracting to private industry.[5] A number of projects have also been established to assist in marketing homecrafts and products made by disabled people. An example of such an effort is the Village Craftsman, Inc., of Janesville, Wisconsin. Under this program the Village Craftsman Corporation (a citizens' nonprofit group) operates a self-supporting retail outlet to market craft items manufactured by disabled persons in their own homes.[6] Another pilot project, H.O.P.E., Inc., has developed an employment cooperative in Texas. Members in the cooperative are entitled to consideration for home-based work contracts. Disabled home-based workers are not considered as employees of the corporation, but are recognized as independent contractors. Contracts undertaken by H.O.P.E., Inc. have included industrial sewing, button covering, telephone part reclamation, telephone sales, fishing tackle making, electronics assembly, rubber mat production, jewelry assembly, and other kinds of work.[7]

Many home-based ventures have not proven to be profitable. However, sometimes they have been translated into larger-scale ventures. Disabled home-based entrepreneurs have demonstrated their business capacities in office services, sales, contract work, writing and writing services, teaching, making arts and crafts products, pet sales and care, repair work, needlework, and other home services. The home-based disabled entrepreneur in the 1980s may be more likely to sustain self-employment in the home because of choice rather than necessity.

Today many women have chosen to seek self-employment in the home environment. According to the Census Bureau almost half of the women-owned businesses in the country are conducted from the home. This may be attributable to many social causes such as: higher education, inflationary pressures, child care difficulties, and dissatisfaction with corporate work styles. One of the most serious problems of any home-based business is its image of being an amateur venture. This image has been linked to the informal atmosphere of the eighteenth century cottage industry. A formidable barrier to the home-based disabled entrepreneur is his or her image as a hobbyist.

For many disabled persons the advantage of a home location is indisputable. The decision to operate a home-based business should be your own personal and business decision which is developed from looking at alternative employment options. Some businesses would be ideal in your own home environment. Others are well-suited if the scale of operation remains small. Still others are unsuitable. Your personal lifestyle and preferences as a disabled entrepreneur are also critical. You should determine if you:

- Are self-disciplined enough to set work goals in your own home
- Find work pleasant and don't require others to prod and motivate you
- Enjoy the autonomy and solitude of home employment
- Are not afraid to take the risks of self-employment versus a conventional paycheck.

Given the trend toward information technology and communications and the viability of home computers, many have suggested the workplace of the future will be the "electronic cottage." For a number of years a special project at George Washington University in Washington, DC has demonstrated the possiblities for the home-based severely disabled entrepreneur. This project has shown that severely disabled entrepreneurs can successfully operate remote computer programming, microfilm, and data-entry businesses from their own homes.[8] Social trends and the special capacities of disabled entrepreneurs signal a profound change in opportunities for disabled people.

The service oriented economy, a change in the historical and social role of disabled persons, computer technology, and telecommunications, and the motivation of thousands of disabled entrepreneurs is creating an inevitable trend for the 1980s. Disabled persons have demonstrated enormous ingenuity despite a general lack of sufficient capital and governmental or private sector help. Despite slow progress towards self-employment, we are on the brink of a profound social phenomenon - the age of great disabled entrepreneurs. As a disabled entrepreneur with good planning, management skills, adequate financing, and conviction, you should be able to successfully operate a small business enterprise.

NOTES

1. The McDonald's Corporation normally requires a franchisee equity capital commitment of $125,000 and the ability to acquire outside financing of from $125,000 to $200,000. Capital commitments required from disabled entrepreneurs may be somewhat less.

2. Frank Bowe and John William, Planning Effective Advocacy Programs, (Washington: American Coalition of Citizens with Disabilities, 1979).

3. Current information on the Small Business Administration, Handicapped Assistance Loan Program, indicates that disabled applicants face a number of practical problems. For example, the current administrative loan limit of $100,000 on three-percent direct loans is often insufficient to cover lending needs. Many disabled applicants have indicated waits on approved loans of up to one full year. Others have indicated problems with establishing need and eligibility for loans in some local SBA offices. The SBA also apparently prohibits the commingling of funds of several SBA HAL loan recipients, hampering certain business ventures. Furthermore, HAL-II loans to disabled entrepreneurs must be for profit-making ventures which are 100-percent owned by eligible disabled small businesspersons. Despite the numerous restrictions and limitations, however, the HAL loan program has operated successfully since 1972 to assist many hundreds of disabled business people. The help you will receive from the SBA will vary considerably from area to area.

4. Susan Stoddard and Bruce Brown, "Evaluating California's Independent Living Centers," American Rehabilitation 6, No. 2 (November-December 1980): 18-23.

5. H.R. Rusalem, Study of Service Delivery Models for Homebound Rehabilitation, (New York: Federation of the Handicapped, 1974).

6. Arkansas Rehabilitation and Training Center, "Village Craftsman: Handcrafted Profits," Innovations 1, No. 2 (March 1979): 11-15.

7. Arkansas Rehabilitation and Training Center, "HOPE for the Homebound, An Independent Contractor's Co-op," Innovations 1, No. 1, (1978): 3-7.

8. Thomas R. Shworles and Irene G. Tamagna, "Development of Modern Vocational Objectives for Severely Disabled Homebound Persons," Remote Computer Programming, Microfilm Equipment Operations, and Data Entry Processes: A Final Report, (Washington: George Washington University, Rehabilitation Research and Training Center, 1973), pp. 8.1-8.9.

SMALL BUSINESS OPPORTUNITIES AND DISABLED WORKERS

THE SMALL BUSINESS CLIMATE

Many economic and business analysts believe that a new entrepreneurial spirit is evident as we enter the 1980s. Many new small businesses are being started in response to a new market. New entrepreneurs are discovering how to make a living in businesses that fit their own needs as well as those of their customers. One recent editorial traces the new flowering of small business to the counterculture entrepreneurs of the 1960s. The movement started with the establishment of numerous art shops, boutiques, and head shops, and moved on to food co-ops, restaurants, clothing stores, furniture outlets, and other alternative lifestyle businesses. Counter-culture entrepreneurs discovered that they could be independent, self-respecting, and have fun at the same time by providing goods and services to their own community. Later, many of these businesses expanded to serve the needs of larger markets.

A second major influence on the new entrepreneurship is the phenomenal increase in the cost of oil and energy. Many small businesses have sprung up overnight to respond to energy conservation problems. With minimal capital investment small businesses operating solar greenhouses, retrofit services, and other energy conservation, construction, or service concerns have proliferated. Finally, the women's liberation and civil rights movements have stimulated numerous new ventures. In some cases these interest groups have established businesses through cooperatives or neighborhood and community development enterprises. Such so-called "social entrepreneurship" has fostered small business ventures as a means of economic and community development. This has its roots in the civil rights movement which has stressed community ownership and control through "black capitalism."[1]

The "American dream" is based on a commonly held belief that a hardworking person can always find opportunities to start his or her own business. This small business ethic emphasizes a philosophy of freedom, independence, and personal autonomy. The recent report of the 1980 White House Conference on Small Business heralds the coming of the "entrepreneurial decade" by noting:

> There is a tide in the spirit of individual enterprise in America, and it is rising. More and more Americans are eager to start small, independent businesses. More and more are deciding that only through ventures of their own can they achieve the kind and quality of life that they envision....Indeed under a balanced economic policy, Small Business can transform the coming decade into one of the great flowerings of entrepreneurial spirit in our history."2

You need only look in your local bookshop or library to see the outpouring of new self-help books and magazines on small business opportunities. Indeed, considerable evidence shows that small businesses are among the fastest growing segments of our contemporary economy. In the 1980s labor market trends appear to have shifted. Since the turn of the century the number of small independent businesses and self-employed workers had been steadily decreasing. This was accompanied by the increasing domination of large corporations and big government as major employers in our society. Recently this trend has begun to reverse, and the small business economy has flourished. Dun and Bradstreet statistics on new incorporations show that in 1979 some 520,000 new businesses were incorporated. This is a more than sixty-percent increase over annual incorporations just five years ago. At the same time, the overall number of self-employed Americans grew by nearly 1 million persons and reached a total of over 8 million last year.[3] On the minus side however, the mortality rate of small businesses is quite high. Almost four out of five new small businesses do not survive more than five years.

Recent studies indicate that small firms, despite their high failure rate, created most new jobs in the 70s. Businesses with fewer than twenty employees created almost 7 million jobs between 1969 and 1976. This was two-thirds of the new jobs generated during that period. In addition, about eighty percent of all replacement jobs were generated by small firms no more than four years old.[4]

The small business economy, despite its seventy-year decline and more recent revival, represents an ongoing and major sector of the American economy. In general terms, more than nine out of every ten American businesses are in the small business sector. Small business enterprise spawns most of the new concerns in the economy, produces almost one-half of our gross national product, and employs more than one-half of our nation's workforce. Beyond these statistics, the diversity of small businesses in America is also noteworthy. Small businesses line our commercial streets, fill industrial parks, and provide us with every sort of goods and services. In this and many other respects "small" is truly "big" in our economy.

The key to our small business economy is individual entrepreneurs who test their ideas and skills in the marketplace. In almost every business and occupation there are opportunities for ownership, management, or self-employment. Entrepreneurs come in many shapes and sizes and are reflected in the diversity of small businesses seen in our society. Robert Finley, editor-in-chief for books at the American Management Association, prefers to define the entrepreneur as "someone in a vigorous situation." Ronald Weintraub, president of the Flexnit Company, defines the entrepreneur as "a creative risk-taker, an innovator, one who deals with change." Webster's Dictionary defines an entrepreneur as one who "organizes and manages a business undertaking assuming the risk for the sake of the profit." By contrast, Webster's defines a businessman as merely, "a man in business, especially as an owner or executive."

It should be noted that "self-employment," is a technical term that distinguishes between workers who receive wages and salaries and those who do not work for an employer. According to the U.S. Census Bureau, "self-employed workers are those who work for profit or fees in their own unincorporated business, profession, or trade or who operate a farm."[5] About 8 million workers were classed as self-employed last year. Finally, another one and one-half million workers who moonlight are self-employed at their second jobs.

This self-help manual is particularly concerned with small business enterprises for disabled persons with the interests and abilities to establish them. However, in an effort to emphasize the diverse employment opportunities available to those who are self-employed, "small business enterprise" will be broadly interpreted. According to our definition "small business enterprises" will include all self-employment opportunities, including professions, trades, farm, or other independent employment in incorporated or unincorporated business. Small business concerns can be contrasted with bigger business by being:

- Independently owned and operated (usually owner managed)
- Operated primarily in a local area
- Relatively small in size within their own industry
- Primarily dependent upon owner-supplied capital.

The type, variety, and extent of skills involved in a small business vary greatly from those required to engage in a self-employment profession or trade. This manual, by adopting a broad view of small business enterprises, recognizes a wide variety of self-employment options. The entrepreneurial capacities required will vary greatly, but in most self-employment situations the element of risk is a constant factor. Those who are unwilling or unable to take serious risks may not be suited to the entrepreneurial role. On the other hand, the financial and personal rewards of self-employment offer many advantages to workers with disabilities.

THE DISABLED WORKER

Although figures vary considerably, there is no question that most disabled adults are not working. Almost 8 million disabled persons are either unemployed or out of the labor force of the some 15 million work-aged disabled adults. About twenty-five percent of all persons not in the labor market are disabled, and almost the same percentage are in the labor force but are unemployed.[6]

When disabled persons are employed, they are often only marginally so. That is, they often are employed in low-wage and menial jobs which offer limited career opportunities. Employment data indicate that when employed, disabled workers work fewer hours, earn less money, and hold less stable jobs. In short, many disabled persons who do find jobs are concentrated in the worst ones.[7] There is no question that the abilities of disabled workers, for one reason or another, are underutilized in the American economy.

Higher proportions of disabled workers serve as farm or service workers, or as laborers, while they are under-represented as managers, professionals, and technical workers. Furthermore, many employment barriers exist because of limited or inferior educational, training, job counseling, and other job preparation. Income disincentives in existing governmental programs also impede employment of disabled workers in good jobs. Faced with the problem of declining numbers of high quality jobs, many employed disabled workers have been relegated to the "secondary labor market" of poor paying and unsatisfying jobs. Self-employment may provide a new and expanded avenue for rewarding and stimulating employment for many disabled persons.

Despite the obvious lack of good employment situations and the large numbers of unemployed and underemployed workers with disabilities, little special attention has been paid to the self-employment alternative. As with other areas of discrimination toward disabled persons, profound and deeply set stereotypes inhibit disabled entrepreneurs. It is likely that societal biases and negative occupational stereotypes limit the options of disabled workers. Lack of acceptance in the business environment may also severely limit the self-employment options and business success of the potential disabled entrepreneur. It narrows the number of fields disabled workers consider, deprives them of management skills and knowledge, and restricts the availability of financing. More important, it diminishes the perception of the disabled worker's management credibility and ability to start and conduct his or her own business.

Little is known about the number and characteristics of self-employed disabled workers and their business ventures. There is some limited information in reports of the 1970 census. Based on a small test sample, about 900,000 self-employed physically disabled workers were identified. This represents about seven percent of all disabled workers estimated in 1970. The average self-employment income of workers with disabilities was about $5,000 per year; this contrasts with a mean self-employment income of about $7,000 for nondisabled workers.[8] No statistics exist which estimate the number of physically, mentally, or emotionally disturbed self-employed workers. No data, other than subjective information is available on disabled entrepreneurs and their business ventures. Furthermore, the professional literature seldom mentions self-employment as an employment option for disabled workers. This lack of attention reflects a prevailing attitude that disabled workers do not have entrepreneurial abilities. The fact is, some do, and some don't.

SPECIAL GOVERNMENT HELP

Few federal and/or state programs target disabled workers for help in setting up small businesses. Currently available but limited help falls within four basic government programs:

- The State-Federal Vocational Rehabilitation Program (State VR)
- The Randolph-Sheppard Act of 1936
- The Handicapped Assistance Loan Program of the Small Business Administration
- The newly authorized "Business Opportunities for Handicapped Individuals" program (Section 622).

For many years state rehabilitation agencies have helped disabled persons enter self-employment. Under the program these state rehabilitation agencies may aid disabled clients to establish and operate small business enterprises. They may also help by providing financial, managerial, and other assistance. Finally, they may assist in the support and subsidizing of professional education and training which will result in self-employment. Recently, about 9,000 disabled workers have been "rehabilitated" into self-employment under the vocational rehabilitation program (this represents about three percent of all "rehabilitations"). Major self-employment "rehabilitations" include professional, clerical, sales, services, farming, and industrial work. The specific occupations covered have included jobs in architecture, medical and health careers, entertainment, management, vending stand operations, retail sales, barbering and cosmetology, stenography and typing, farming, and a variety of other industrial trades.

Under the Randolph-Sheppard Vending Stand Program, each year about 400 visually disabled persons are helped in setting up and operating new vending facilities in federal, state, or private commercial and office buildings. Technically speaking, this program is a "controlled self-employment program" which is in many ways similar to a franchise operation. The state vocational rehabilitation agency (or other responsible agencies), which administers the program for blind persons, licenses qualified blind persons to operate vending facilities. Vendors are trained and placed in facilities which they then operate. In practice the program varies widely from state to state. Many vending facilities consist of simple one-person retail snack food stands, while others are full-fledged cafeteria and food service operations with numerous employees.

The Small Business Administration, under the Handicapped Assistance Loan Program, provides loans and loan guarantees to disabled small businesspersons. The program, which was started in 1973, is the major source of federal capital assistance for disabled persons who want to start their own businesses. Currently, another program to assist disabled persons in establishing and operating small businesses is under development. The Rehabilitation Act Amendments of 1978 established, under Section 622, the "Business Opportunities for Handicapped Individuals" program. Under the proposed program, federal financial and technical help may be provided to entrepreneurs with disabilities. This permits the U.S. Department of Education to make grants or enter into contracts with disabled individuals to establish commercial or other enterprises. It should be noted that although set up by law in 1978, this program has not actually been started. It is not presently known whether the program will actually be implemented.

The public and special private assistance available to disabled persons in setting up small businesses is extremely limited. In most cases, the disabled entrepreneur will need to seek help from standard small business sources. Financial, management, and professional help commonly used by entrepreneurs will be reviewed in subsequent chapters of this manual. Once these sources have been consulted and explored you no doubt will need additional and more specific help.

NOTES

1. Stewart Perry, "Where Did This New Small Business Movement Come From," In Business 3, No. 1, (February 1981): 4-5.

2. White House Commission on Small Business, Report To The President, America's Small Business Economy - Agenda for Action (Washington: U.S. Government Printing Office, April 1980), pp. 9, 12.

3. Sharon Pavlista and Dexter Hutchins, "The Emerging New Business Economy," Venture 2, No. 6, (June 1980): 52-57.

4. David L. Birch, The Job Generation Process (Cambridge: MIT Program on Neighborhood and Regional Change, 1979), p. 9.

5. U.S. Bureau of the Census, U.S. Bureau of the Census of Population: 1970, Subject Reports, Persons With Work Disabilities (Washington: U.S. Government Printing Office, 1973), p. App.-11.

6. Frank Bowe, Rehabilitating America, (New York: Harper and Row, Publishers, 1980), p. 9.

7. Sar Levitan and Robert Taggart, Jobs for The Disabled (Baltimore: The Johns Hopkins University Press, 1977), pp. 1-23.

8. Op. cit., U.S. Bureau of the Census....p. 87.

THE ENTREPRENEUR - A PROFILE

Earlier, the key ingredient of small business enterprises, the entrepreneur, was introduced. As noted, entrepreneurs are individuals who are willing to test their ideas and skills in the marketplace. Unlike many workers they are risk-takers. Much has been written about the personality and motivation of the entrepreneur.

Most entrepreneurs work long hours and seem to thrive on the difficulty of the job they have undertaken. They seem to truly enjoy struggling against adverse situations and long odds. In fact, many bankers and other financial backers frequently distrust the entrepreneur. Perhaps this is because they sense that the entrepreneur has some unusual motivations. Many expert observers feel that entrepreneurs differ from other workers largely because of their desire for independence.

The entrepreneur's major motivation appears to be the chance to exercise free choice and independence. This sense of independence goes beyond the motivation for financial success and financial independence. Indeed, many entrepreneurs feel embarrassed by their nonmonetary motivations. The monetary rewards of a new, small business venture are often limited and uncertain. But for most entrepreneurs the process of entrepreneurship is its own reward. Almost all studies of work attitudes indicate that self-employment is the most satisfactory of all types of employment.[1] Professionals and small businesspersons who are self-employed have a consistently high level of self-esteem and job satisfaction.

Given this drive for independence, what are the major characteristics of the typical entrepreneur? A recently published text, The Entrepreneur's Guide, describes an entrepreneurial profile. According to this analysis, entrepreneurship is not a conventional occupation that simply relies on intelligence, good training, or even the right kind of experience. Entrepreneurial talents and skills are quite similar to athletic or artistic skills, which largely depend upon native talents. These may be developed and improved through education, training, and practice. The following key entrepreneurial traits described in this guide include:

- Enthusiasm and Endurance - one of the crucial entrepreneurial trademarks is the willingness to withstand setbacks with the force of powerful conviction
- Conclusiveness - conclusive, prompt decision-making is essential to a new venture. Without a prior track record the entrepreneur must act on limited facts and deal with situations related to new employees, financial concerns, technical and other management problems

- Leadership - natural leadership and the ability to inspire the loyalty of others appears to be an important entrepreneurial trait
- Product Pride - the entrepreneur is totally involved in his or her product, and this conviction often makes the small business competitive in the marketplace
- Marketing Skills - marketing and sales skills are crucial entrepreneurial characteristics and are even more important than technical, financial, or managerial capacities
- Nerve and Shrewdness - the entrepreneur must have the nerve and shrewdness to create an enterprise and maintain it; the most important venture task will be to persuade others (companies, suppliers, clients, customers, etc.) to do business with a new and often shaky concern. Nerve and shrewdness are primary tools in sizing up outsiders and dealing with them.[2]

Other profiles of successful entrepreneurs stress such personal characteristics as:

- Ability to absorb setbacks
- Patience to wait out reverses until a business really "takes off"
- Ambition, drive, persistence, and energy
- Realistic expectations about the hard work required
- Ability to make decisions and take responsibility for them
- Ability to communicate and convince
- Technical knowledge necessary to operate a business
- Possession of personal and financial resources to outlast business reverses.

It is difficult to determine if the traits required of the successful entrepreneur are those which characterize large numbers of mentally and physically disabled persons. One of the still largely unanswered questions is: "What are the real capacities of persons identified as disabled?" Many feel that their higher unemployment, lower workforce participation, and overrepresentation in lower-paying jobs stems from a socially imposed handicap. There is no question that disabled persons possess many abilities which are yet to be tapped by the labor market. One small-scale study of disabled entrepreneurs indicates that those who are successful can be distinguished from those who aren't by their possessing:

- An elevated need for autonomy
- An aversion to working for someone else
- An above-average self-sufficiency need
- A profit orientation
- A degree of family backing (both spiritual and material)
- A willingness to work long hours
- Optimistic views
- Values which respect returns other than primarily financial gains
- A positive businessperson role.

That is, the more positive the perception of success, positive attitude towards work, self-acceptance, and family backing, the more likely is entrepreneurial success.[3]

ARE YOU THE TYPE? - TEST YOURSELF*

Dr. Joseph R. Mancuso, a noted small business expert and author of many books for and about entrepreneurs, has developed a simple quiz on entrepreneurial capacities and interests. Circle the answer you believe is the "best" and compare your results with Dr. Mancuso's answers. (See Page 28 for answers.)

1. An entrepreneur is most commonly the ____________________ child in the family.
   - a. oldest
   - b. middle
   - c. youngest
   - d. doesn't matter

2. An entrepreneur is most typically a ____________________.
   - a. man
   - b. woman
   - c. either

3. An entrepreneur is most commonly ____________________.
   - a. married
   - b. single
   - c. widowed
   - d. divorced

4. An individual begins his first entrepreneurial company when he is in his ____________________.
   - a. teens
   - b. twenties
   - c. thirties
   - d. forties
   - e. fifties

5. An individual's entrepreneurial tendency first appears in his ____________________.
   - a. teens
   - b. twenties
   - c. thirties
   - d. forties
   - e. fifties

6. How much education has an entrepreneur typically had by the time he begins his first serious business venture?
   - a. grammar school
   - b. high school diploma
   - c. bachelor's degree
   - d. master's degree
   - e. doctor's degree

7. An entrepreneur starts his own business ____________________.
   - a. to make money
   - b. because he can't work for anyone else
   - c. to be famous
   - d. as an outlet for unused energy

8. The entrepreneur's strong ego and need for achievement are based on his relationship with his ______________________________.

a. wife
b. mother
c. father
d. children

9. An entrepreneur typically ______________________________.

a. starts only one business
b. quickly discovers the pleasures of managing
c. moves from new venture to new venture

10. To be successful in an entrepreneurial venture, you need an overabundance of ______________________________.

a. money
b. luck
c. hard work
d. good ideas

11. Entrepreneurs and financiers ______________________________.

a. get along well
b. are best of friends
c. are cordial friends
d. are in secret conflict

12. A successful entrepreneur relies on ______________________.

a. an internal management team
b. external management professionals
c. financial sources
d. no one

13. Entrepreneurs are best as ______________________________.

a. managers
b. venture capitalists
c. planners
d. doers

14. Entrepreneurs are ______________________________.

a. high risk-takers (big gamblers)
b. moderate risk-takers (realistic gamblers)
c. small risk-takers (take few chances)

15. The only necessary and sufficient ingredient for a business is ______________________________.

a. money
b. customer
c. a product
d. an idea

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*Source: "Test Yourself: Are You an Entrepreneur?", Disabled USA 2, No. 9, 1979, reprinted with the permission of the author.

ANSWERS TO QUIZ

1. oldest
2. man
3. married
4. thirties
5. teens
6. master's degree
7. because he can't work for anyone else
8. fathers
9. moves from new venture to new venture
10. luck
11. are in secret conflict
12. external management professionals
13. doers
14. moderate risk-takers (realistic gamblers)
15. a customer

"ANSWERS"

What did you score on the quiz? According to Dr. Mancuso, the following scores indicate the associated potential for successful entrepreneurship and the response of "typical entrepreneurs."

SCORE	YOUR POTENTIAL
11 or more right	Successful entrepreneur
10 to 11	Entrepreneur
9 to 10	Latent entrepreneur
8 to 9	Potential entrepreneur
7 to 8	Borderline entrepreneur
7 or less	Hired hand

INTERPRETATION

1. An entrepreneur is most commonly the oldest child in the family. There is no doubt about this. Dr. David McClelland at Harvard and Dr. Stanley Schacter at Columbia have written about achievement motivation. Along with others, they conclude that the firstborn child in a family is normally the high achiever. In my work, my data indicate that between sixty percent and seventy percent of all entrepreneurs are firstborn. If you are a second or third child, you may be bucking some severe odds. Especially when one considers that two-thirds of all people are not firstborn children.

2. An entrepreneur is most typically a man. Almost everyone answers this question correctly. Everybody knows only a handful of women who have started an ongoing business enterprise. While women are indeed making headway in business - and in sophisticated top management positions - they still haven't significantly penetrated the entrepreneurial ranks.

3. An entrepreneur is most commonly married. This is a delicate topic. The data are fluid, and interpretations vary widely. In my research, which was conducted primarily in the Northeast and on the West Coast and surveyed only men, I discovered that the vast majority were married. However, I did find that the successful entrepreneur had an exceptionally supportive wife. She balanced the insecurity and stress of the job with love and stability.

4. An individual begins his first entrepreneurial company when he is in his thirties. The data on this topic have shifted over the past twenty years. Earlier studies by Professors Collins and Moore in Michigan found that the new entrepreneur was between thirty-eight and forty-two years old. Professor Edward Roberts at MIT found that in the early and mid-1960s, the average age was between thirty-five and forty. My work indicated that it was between thirty and thirty-five years. Hence, during the past twenty years, the average age has tended to shift downward.

5. An individual's entrepreneurial tendency first appears in his teens. Entrepreneurial traits show up very early in life. I found that many entrepreneurs had begun little businesses before their teens. But somewhere during high school or college, these characteristics almost always blossom. The finding applies to well over seventy-five percent of the entrepreneurs I have surveyed.

6. How much education has an entrepreneur typically had by the time he begins his first serious business venture? Master's Degree. The answer is controversial. Work done in the 1950s concluded that most entrepreneurs didn't complete high school, let alone college. Edwin Land at Polaroid is a popular example of the self-made man who dropped out of college to begin his entrepreneurial venture.

My data point to the master's degree as the most common. Contrast this finding with the obvious fact that most businessmen have at least a bachelor's degree today. Entrepreneurs, being high achievers, are showing more respect for education and are staying at it long enough to earn the master's degree. Few carry this respect for the doctorate, which, in their view, takes too much time and is not worth the effort.

7. An entrepreneur starts his own business because he can't work for anyone else. Almost everyone agrees with this answer. An entrepreneur seldom leaves a secure environment and a steady job just to make money, be famous, or have something to do. He simply doesn't like working for anyone else. The entrepreneur is an independent, a free spirit. He has great difficulty following another's directions. He seeks to do his own thing.

8. The entrepreneur's strong ego and need for achievement are based on his relationship with his father. This is obvious. The entrepreneur's wife and children enter his life too late to do more than modestly alter his basic characteristics. The real impact on his personality lies in the roles of his mother and father. The mother has the greatest influence on a growing child, but the father-son relationship is central to the entrepreneur's motivation.

In my experience, the father provides the motivation and drive for the entrepreneur. Even when he is in his thirties and his father is retired, the father's approval and praise still provide a basis for his drive. That's one of the reasons why so many entrepreneurs come from homes headed by self-employed fathers.

9. An entrepreneur typically moves from new venture to new venture. While not statistically significant, it is an interesting finding; only a few entrepreneurs have started just one company and stayed with it. In my study, when a venture is successful, only a handful of entrepreneurs were able to handle the transition from entrepreneur to manager. They much prefer to sell out and return to the creative process and start another business.

10. To be successful in an entrepreneurial venture, you need an overabundance of luck. Hard work and a good idea are helpful in starting and succeeding in a small business. But they are not enough. Of the successful entrepreneurs I studied, everyone agreed that they were damn lucky. According to them, a few key breaks were what made the difference.

11. Entrepreneurs and financiers are in secret conflict. In most success stories, entrepreneurs and venture capitalists are pictured walking along hand in hand into the glorious sunset. My research strongly indicates that this is the exception, not the rule. Most small businesses fail (some say about nine out of ten). Every business, save a handful, needs second and third rounds of financing. At these stages, the relationship between the entrepreneur and the venture capitalist shifts from cordiality to stress, which may split the relationship permanently.

12. A successful entrepreneur relies on external management professionals for critical management advice. The overwhelming answer to this question is external management professionals. In fact, in my research, every successful company used an outside consultant at one time or another.

Unsuccessful companies didn't. Entrepreneurs seldom rely on internal people for major policy decisions because the employees generally have an ax to grind, and the outside financial sources are too conservative. However, in the end, the entrepreneur is dominant in every decision.

13. Entrepreneurs are best as doers. While entrepreneurs are not poor managers, they all have difficulty delegating responsibility because of their ability as doers. They do everything faster and better than anyone else; hence, they are reluctant to delegate.

14. Entrepreneurs are moderate risk-takers. Contrary to popular belief, entrepreneurs are not high risk-takers. Rather, they set realistic and achievable goals. Most previous research on entrepreneurs, especially by Dr. David McClelland of Harvard, agrees with this finding. Entrepreneurs know the problems of high rollers, and all are aware of the frustration in losing. However, competition naturally increases their propensity to take risks, without causing them to go to extremes.

15. The only necessary and sufficient ingredient for a business is ~~a~~ customer. A business starts with an order. An order comes only from a customer. All business revolves around a customer, and it all begins when someone offers to buy something. Although you may think you have a business when the prototype of your product is completed or your store is opened, don't be alarmed if no one comes in or buys it.

THE ENTREPRENEURIAL DECISION

The decision to pursue an entrepreneurial opportunity takes an in-depth self-evaluation. You must start with a careful review of your personal resources, personality and skills. Since you will be the most important employee, it is important that you rate yourself honestly and realistically.

Sensible career planning of any sort relies on "knowing thyself." Only after you really know your own needs can you expect to choose a fully satisfying career. By identifying your own personality and talents first, you will be able to match them with compatible career areas. This self-exploration process is especially important if you are considering an entrepreneurial occupation. Some tools for the career and life self-evaluation process fall under the general category of "life/work planning." One place to start self-evaluation is to review several publications on life/work planning currently on the best-sellers list and available in local bookstores. A starting place is an introduction to life/work planning in The Three Boxes of Life - And How to Get Out of Them by Richard N. Bolles.[4] Bolles is the author of the best seller, What Color Is Your Parachute?, and heads a project of the United Ministries of Higher Education called the National Career Development Project. He also co-authored another excellent life/work planning publication on job search entitled, Where Do I Go From Here With My Life?[5] This is a workbook for self-motivated individuals with an interest in systematic career exploration. A number of types of life/work planning have recently become popular, and there is considerable disagreement about how to do it best. Although there is no one accepted method, there is no question that life/work planning is a valuable self-evaluation tool. Another new book, Your Future: A Guide for the Handicapped Teenager provides a good orientation to career planning and career resources.[6]

Choices of entrepreneurial opportunities and careers are particularly risky since they are much easier to begin than to end. Once you have assumed a reputation as an adventurous entrepreneurial type, the transition back to salaried employment may be rough. This makes a thorough review of your own personal qualifications and traits all the more important when seeking self-employment alternatives. In addition to your own personal insights and evaluation, those of your family, friends, colleagues, and associates may also prove valuable.

Naturally, where appropriate, seek out professional counseling and other conventional career planning help. Vocational information and help is available through schools, social service agencies, state vocational rehabilitation agencies, and other sources of vocational preparation or career education. Whatever sources of help, information and/or advice you use, the entrepreneurial decision must be based on your own well thought-out self-evaluation.

In an effort to assist entrepreneurs, the Small Business Administration has suggested a number of self-evaluation formats. These simple ratings of personal traits, supplemented by professional or business advice as well as life/work planning of some sort, will aid in the entrepreneurial decision.

One such scheme is described in Starting and Managing a Small Business of Your Own, the SBA "bible." This self-rating scale is designed to encourage appraisal of strong and weak points in operating a business. According to the rating scale, your motivation and personal traits can be evaluated by asking the following questions:

- Are you a self starter?
- How do you feel about other people?
- Can you lead others?
- Can you take responsibility?
- How good an organizer are you?
- How good a worker are you?
- Can you make decisions?
- Can people trust what you say?
- Can you stick with it?
- How good is your health (by "health" they mean primarily energy level)?

This check list approach is not meant to be "scientific," but only to call attention to personal characteristics and their relative importance.

The Small Business Administration has also incorporated this self-rating scale into a small pamphlet, Checklist for Going Into Business. This brief publication asks some common-sense questions about the small business entrepreneur, finances, partnership arrangements, and potential customers.[8] A copy of the publication and free management assistance publications are available from the field office in your area. Copies of the publication may also be obtained by writing SBA directly or by calling, toll free, (800)638-2980; in Texas only, call (800)702-8901.

DECISION MAKING HELP

Small Business Administration field offices occasionally conduct workshops for prospective business owners. These free workshops are scheduled on a regular basis to help entrepreneurs learn about management options and practices and to make the entrepreneurial decision. Some 200 universities and colleges offer courses in small business or in entrepreneurship. Many also offer entrepreneurial counseling services. You can obtain information on such local counseling opportunities from your local SBA office. A list of some of these programs is also contained in the SBA publication, Small Business Goes to College.[9] Professional management societies and organizations may also provide counseling services for entrepreneurs. A later section of this manual will review some of these educational and counseling options.

Numerous additional sources offer help or advice in making the personal and business decisions required of an entrepreneur. The single most important and specialized source of job counseling for potential entrepreneurs with disabilities is your state vocational rehabilitation agency. Under the Section 110 Program of the Rehabilitation Act of 1973 (as amended in 1978), among the services available is vocational counseling for disabled persons interested in self-employment. Many state agencies have developed extensive counseling and guidance programs related to their small business enterprise programs. In agencies serving blind and visually impaired clients, additional counseling may be offered in operating vending stands and/or other small business enterprises. This counseling is normally conditional on acceptance of a disabled person as an active client of the state agency. Usually funds are provided to buy equipment and supplies. Management help may also be offered in these situations.

For many years ongoing small business enterprise programs have been set up in vocational rehabilitation agencies in Arkansas, West Virginia, Wisconsin, California, Louisiana, Connecticut, and other states. One of the more sophisticated enterprise programs is that of the California Department of Rehabilitation. It operates an extensive Business Enterprise Program providing counseling to blind persons running vending facilities in federal office buildings (under the Randolph-Sheppard Act). It also runs a Business Opportunities Program for clients who do not have visual disabilities. This component of the California program has experimented with a number of innovative ideas for assisting and counseling entrepreneurs. One such project was an effort to use an area within the Los Angeles County Administrative Building as an arcade for shops owned by workers with disabilities. Another project was the development of a technical assistance unit to provide agency counselors with specific technical help on small business matters. The agency felt that it could counsel disabled clients with entrepreneurial interests through the development of this unit.[10]

The extent of counseling and other assistance available to the disabled entrepreneur will vary greatly from state to state and locality to locality. Nevertheless, the state vocational rehabilitation agency should be consulted if special help is needed in making the entrepreneurial decision. Even if agency counselors are unable to assist you, in many cases they can suggest other sources of help and advice. In many localities, public and private human service, social service, and business-related groups can help in the entrepreneurial decision. Sources of information and general help covered in later sections of this guide may also facilitate the decision to seek an entrepreneurial career.

As a pre-entrepreneur who is a potential small businessperson, you may find the transition to ownership more difficult than anticipated. Rely on a variety of resources in making this initial decision, so that realistic personal and business planning can take place. Take sufficient time to permit a thorough self-evaluation. An honest initial judgment to forego an entrepreneurial career may be far better than risking financial, career, and personal losses. A careful review of career options and personal skills and needs, supplemented by good counseling and advice, is essential.

NOTES

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2. Deaver Brown, The Entrepreneur's Guide, (New York: MacMillan Publishing Co., Inc., 1980), pp. 1-17.

3. M.E. Tseng and Lionel E. Parker, "Towards a Placement System Empirically Established Through Criterion-group Method on Self-employment for the Severely Handicapped," Rehabilitation Literature 37, No. 5, (May 1976): 140-44.

4. Richard Nelson Bolles, The Three Boxes of Life - And How To Get Out of Them, (Berkeley: Ten Speed Press, 1978).

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6. Norman S. Feingold and Norma R. Miller, Your Future, A Guide For The Handicapped Teenager, (New York: Richards Rosen Press, Inc., 1981).

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8. Checklist for Going Into Business, SMA 71, Small Marketers Aids, (Washington: Small Business Administration, undated).

9. Robert O. Bauer, Small Business Goes to College, (Washington: Small Business Administration, Office of Management Information and Training, 1976).

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DEVELOPING AND ORGANIZING A BUSINESS ENTERPRISE

BUSINESS OPPORTUNITIES - GATHERING IDEAS

Contrary to common myth, most new businesses are not started on the basis of new or original ideas. Most businesses are based on old products and services that have been updated, or they are current ideas that have been repackaged for a new market. The new business enterprises which involve products are usually straightforward extensions of existing products. These products are often successful when they are designed to fit a particular market or niche in the market. This is one of the reasons very ordinary people can start extraordinarily successful businesses. One need not be an innovative genius to come up with a suitable business idea.

Numerous idea sources can help you develop business opportunities. A number of studies have shown there is a strong link between prior work experience and entrepreneurship. This link is apparently stronger than that between education and entrepreneurship. Therefore, the first source of ideas on appropriate business opportunities should be your own job experience and present employment situation (if any). For almost every salaried occupation, there is a related opportunity for entrepreneurship and self-employment.

There are at least 40,000 occupations in this country, each of which has related entrepreneurial opportunities. The standard classification of business and industry includes more than 1,000 different industry groupings. The U.S. Bureau of the Census lists some 20,000 industries, many of which have related small business opportunities. The business census includes wholesale trades; finance, insurance, and real estate; transportation, communications, and other public utilities; entertainment and related services; personal services; management and professional occupations; service occupations; business and reproduction services; fabrication and construction; agriculture, forestry and fisheries; manufacturing of durable and nondurable goods; etc.[1]

Typically, small businesses represent most of the firms in agriculture, forestry, and fishing; most service firms; and a majority of wholesale and retail trade establishments. Fewer small businesses predominate in manufacturing, construction, mining, and finance. It is not difficult to understand why small businesses are concentrated in a few industries. This is largely because these industries require less initial and ongoing capital commitments. Although operating capital is needed for goods, supplies, and salaries, these amounts are less than the venture capital required to buy expensive manufacturing equipment and to build factories. Furthermore, the technical skills needed in services, sales, and other trades are more easily obtained than manufacturing or financial skills.

You can develop ideas about business opportunities by reviewing a variety of books, publications, trade sources, and by attending trade shows and conferences. One place you might start is by reviewing the Small Business

Index.2 This publication contains a comprehensive list of a variety of small business opportunities. It is a basic reference to American books, pamphlets, periodicals, and short articles on starting small businesses. You will find references to small business possibilities with associated references organized alphabetically from "accounting" to "yogurt shop." This index should be available from the public library in your community.

There are a number of new magazines which you should review for ideas and opportunities. Venture and INC. are two excellent periodicals which are now generally available at local newsstands and libraries. (See the reference list at the end of this chapter for information on these and other periodicals which will help generate ideas. The Small Business Administration issues numerous publications which will give you good ideas on business opportunities. Publications are available which discuss handicrafts, mail order sales, retailing, wholesaling, motel management, photographic dealerships and studios, and other businesses. They also issue small business bibliographies on specific business areas. A virtual gold mine of good business ideas and advice is contained in these free SBA publications. The SBA now has a centralized information center for free publications. Write to request any publications you are interested in by filling out SBA form 115A. To obtain a list of SBA management assistance and business publications contact:

Small Business Administration
P.O. Box 15434
Fort Worth, TX 76119
Toll-free requests: 800/638-2980;
(800)792-8901, in Texas only.

As you begin to consider self-employment you should also consult a number of government publications on career choice. These publications describe the job outlook for different professions and provide other useful information on selecting a career (see the references at the end of this chapter for useful governmental career information sources). These publications will provide you with up-to-date information on areas of business opportunity and occupational information and requirements.

Local, regional, and neighborhood newspapers and other publications are useful for gaining information on local business conditions and opportunities. Even if you are not interested in buying an existing business, scanning the "business for sale" ads may give you ideas for starting your own business. Buying an existing business may increase your odds of survival as a new entrepreneur, because you are also buying a business history, an existing organizational set-up, and a set of business relationships. Although the cost of buying a going concern will generally be higher than starting up your own business from scratch, the inherent stability of the purchased business may justify the higher initial costs. The purchase price for most small businesses and companies is often much less than you think. Many of these slow-growth businesses have little economic value to anyone other than a growth or income-oriented entrepreneur. Businesses with annual sales in the

$500,000 range can be purchased for as little as $100,000. Often a cash down payment as low as $20,000 to $30,000 is enough. Small retail establishments can be purchased for even less.

Franchises are another good source of business opportunity. Franchising is a type of licensing in which the owner (franchisor) of a product, service, or method arranges for distribution through an affiliated dealer (franchisee). Normally, the franchisee obtains the exclusive rights for sales or distribution in a defined geographical area. This arrangement provides a good way to minimize risk and investment while maximizing chances for business success through selling proven products and services. However, the franchisee must give up some options and freedom of action in business decisions which would be open to the owner of a nonfranchised business. Franchisors usually maintain some continuing control over the operation of franchises, and they often require franchisees to meet certain quality standards. Be aware that buying a franchise is not risk-free. Be sure to get good professional advice from a trusted lawyer, accountant, or other business advisor before making a franchise commitment. You can also protect yourself by:

- Thoroughly investigating the franchise
- Studying the disclosure statement of the franchisor (sometimes called the "offering circular" or "prospectus")
- Checking out the information accuracy of the disclosure statement
- Investigating earnings and claims about sales, incomes, or profits by requiring detailed explanations and documentation
- Investigating your legal rights under federal, state, and local laws.

(See the list of franchise publications at the end of this chapter.)

BUSINESS OUTLOOK

Economists use information on the demand for goods and services, technological improvements, changes in business practices, and other factors in determining growth industries and occupations. These estimates are based upon assumptions about unemployment rates, social values, economic trends, and other factors. In general these economic predictions are often uncertain and subject to error. The outlook for any particular industry or business may vary considerably from location to location.

Nevertheless, try to determine the business outlook for the particular self-employment opportunity you are considering. In general, employment opportunities are expected to occur in almost all occupations through the 1980s. In the white-collar occupations (professional, managerial, sales, and clerical jobs) demand will rise in the environmental protection, energy development, and medical fields. Self-employment in retail trades will offer increasing opportunities in the 1980s. Blue-collar occupations and self-employment in mining, manufacturing, and construction will grow more slowly. Business opportunities in the services industry including cleaning, food, health, personal, and protective services, will grow the fastest. In contrast, self-employment in farming will be the slowest growing sector.

Ultimately the outlook for any business or industry depends upon the actual demand for goods and services. Generally speaking, demand in the industries related to services, transportation, utilities, wholesale and retail trades, finance, insurance, and real estate are expected to grow in the 1980s. Some particular occupations and their related industries which are expected to be the fastest growing during the next ten years include:

- Banking and financial management
- Business machine repair
- Restaurants
- Security and guard services
- Health services including home health care and nursing
- Industrial machine repair
- Computer services.[3]

Many experts feel that the movement from the manufacture of goods and construction to consumer services will continue into the 1980s. The rate of growth of particular industries will be closely related to the degree of technological innovation. Communications, utilities, transportation, and durable goods manufacturing are expected to grow more rapidly in the next few years.[4] In our new information-based society data processing and microelectronics-related small businesses are likely to flourish. Knowledge and information processing rather than capital goods and manufactured products are slowly taking over large segments of the U.S. economy.[5]

A number of resources on national business trends should be consulted regularly. These will give you a general idea of business conditions and opportunities. (See the end of the chapter for business trend services.) Review of sources on economic and industry trends should be supplemented by reviewing back issues of trade and special interest periodicals. Any good library should have copies of these specialized sources which can provide valuable information on specific industries, occupations, and professions. This should be supplemented by determining local employment and labor trends, demand and other business indicators for your area. Your local Chamber of Commerce, U.S. Employment Service, and other private industry and trade groups are good sources for this type of information. Local manufacturers' associations may also be helpful in this regard.

In many ways the first step in forming a company and determining a good business opportunity is selecting a suitable market. A positive "cash flow" of incoming proceeds should be sought more than growth and profits in new ventures. More new businesses fail because of lack of cash receipts than for any other reason. The markets which should clearly be avoided are those that are capital-intensive, requiring large amounts of immediate cash investment. Capital intensity is normally measured by the ratio of dollar sales to dollar investments. A ratio of ten-to-one will maximize returns on limited capital investments and improve survival chances.

Other markets to avoid include those with easy credit terms, short product life-cycles, and large markets. Many businesses encourage liberal credit terms to get customer orders (examples are retail sales, office equipment, toy industries, etc.). Such industries require a substantial amount of capital to compete successfully. Other industries are noted for short product life-cycles which require periodic and repeated doses of new money and accompanying high risk. Similarly, large markets require substantial capital resources because of major competitive pressures. Successful small businesses rely on good marketing opportunities. Concentrate on markets you are familiar with and avoid the market traps mentioned above.

ENTREPRENEURIAL BUSINESS OPPORTUNITY AREAS FOR THE 1980s*

Many entrepreneurial opportunities will develop in the 1980s. Some promising areas will develop from existing technologies that will become more cost effective as their use expands in the coming decade. Others will result from breakthrough technologies that are, by their nature, unpredictable. Starting or developing a business in these areas or providing necessary components or services for them may offer you business opportunities. A sampling of the fields expected to flourish in the 1980s includes:

- Automation - word processing will revolutionize the office in the 1980s. Entrepreneurial opportunity will involve customizing office systems to client needs. Automatic ordering systems are currently under development permitting the scanning of stockroom shelves which will register on-line and reorder inventory when stock levels fall. This technology offers numerous entrepreneurial opportunities.
- Communications - opportunities for entrepreneurs in selling and servicing cable television and satellite-transmission equipment will abound. Small companies will help meet the need for programming on the new cable channels. Business communications involving interactive data networks which permit computers to talk to one another will show tremendous growth.
- Data processing - computer hardware and software manufacturing and servicing will show great gains. Home and small office computer use will make retail outlets for equipment and computer programs especially promising businesses.
- Consulting services - specialists in management and technology will have good opportunities to sell their services. Opportunities will exist for industrial psychologists, lawyers, and other professionals to render advice. Consultants will monitor nuclear plants, devise ways to apply passive solar power, and so forth. Legal, medical, and other

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*Source: Adapted from "Best Bet Entrepreneurial Businesses for the 1980's", Venture, January 1980, p. 44 and "Fields Ripe For Entrepreneurship", Money, January 1981, pp. 48-49.

professional franchise-type operations will make consultant services more available to the general public.

- Energy - In the early 1980s devices and services to adapt existing car engines to accept new fuels will present entrepreneurs with opportunities. Small companies will use new computer technologies to seek new energy sources and apply more effective energy-saving systems. Stores, restaurants, and other small businesses located in new energy-rich towns in the mountain states can ride the coattail of the energy boom.
- Medicine and health - a boom is expected in new medical equipment and devices, including medical equipment for home use. Programs and services in "the wellness business" will offer many opportunities in the health area. Support industries in genetics research such as enzyme manufacture and lab equipment manufacture are good opportunity areas.

FORMS OF BUSINESS ORGANIZATION

Most businesses in the United States are organized in one of three basic legal forms. These are the sole proprietorship, the partnership, and the corporation. Simply stated:

- The "sole proprietorship" is a business owned by only one person
- The "general partnership" is a relationship where two or more persons share responsibilities, resources, and profits on an equal basis
- The "limited partnership" is a relationship in which so-called "silent partners" have a limited liability for business debts and are not involved in day-to-day operations
- The "corporation" is a relationship in which a group of persons is legally treated as an individual. As a legal entity the coporation can make contracts, conduct business, and assume debts through its officers.

The following table compares the human resources and initial funding required by these various forms of incorporated business. The more complex forms of incorporation require a much more precise plan and organizational structure. The legal form of incorporation will directly affect the ability of your business to raise necessary capital. Sole proprietorships often encounter difficulty in raising outside capital, since the sole owner is personally liable for all debts. About seventy percent of all small businesses in this country are sole proprietorships, because it is the simplest form of organization, is under the least government regulation, and has the simplest tax structure.

COMPARING LEGAL FORMS FOR A BUSINESS

	HUMAN RESOURCES			INITIAL FUNDING		
	Management Control	Personnel and Expertise	Continuity, Transferability	Organizational Requirements and Costs	Ability to Raise Capital	Liability for Losses/Debts
SOLE PROPRIETORSHIP	One owner in total control	Depends mainly on owner's skills; hard to obtain quality employees	Ends on death of owner; free to sell or transfer	Costs lowest; (filing fee if under name other than owner's)	Limited: all equity (funding) must come from proprieter; loans based on strengths of individual	Owner liable for all debts
PARTNERSHIP general or (limited)	Divided among two or more partners; decisions by majority or by pre-established agreement; (limited partner can not manage)	Depends mainly on partners' skills; hard to find suitable partners or employees	Ends on death of partner (unless agreement provides otherwise); transfer conditions vary with agreement	Costs low; General: agreement optional but recommended; (Limited: agreement stating liabilites and responsibilities of each partner required	Limited to resources of partners; loans based on strengths of partners	Partners liable for all debts (Limited partner has restricted liability and involvement, as per agreement)
CORPORATION	Corporation acts as one person, but board of directors (influenced by votes of shareholders) hold legal, formal control; working control by those who manage day-to-day	Broad-based; allows for flexible management; easier to secure quality personnel with broad expertise	Continues with overlapping management; most flexible in transfer of "interest" (e.g., ownership) from one shareholder to another	Costs highest; legal forms, documents, and fees required	Greatest equity potential: can sell new stock; loans based on corporate financial strength and expertise, thus larger borrowing base	Corporation liable for debts (i.e., shareholders are liable only for amount invested, but if personal guarantees were given they are personally liable for more)

Source: Small Business Management and Ownership, Volume I, "Minding Your Own Small Business: An Introductory Curriculum for Small Business Management." CRC Education and Human Development, Inc. [illegible]elmont, Massachusetts, 1979, [illegible] II-S-41.

Many self-employed persons choose not to incorporate but to operate as independent consultants, tradespeople, and personal-service providers. A commonly held rule of thumb suggests that a person should not consider incorporation unless annual self-employment receipts exceed $60,000 per year. With the advent of home computer hookups a trend toward self-employment in the home is likely. This can be a particularly good field for workers with disabilities. The home-based, self-employed person will probably operate under a negotiated contract (rather than being hired on a salary). In these instances formal incorporation may be unnecessary or impractical. As noted earlier, as many as nine and one-half million Americans are self-employed and work in their own unincorporated business, trade, or profession.

Many factors should be considered in choosing the legal form of business under which you will operate your new enterprise. You should discuss these forms with your lawyer and accountant who can help you decide on the best form. Often it is necessary to acquire technical, managerial, and financial help through sharing the ownership of the business. If you do have associates, should you form a partnership or a corporation? In a partnership the liability for debts is the same as in a single proprietorship. That is, in both cases liability is unlimited and owners are personally responsible for the debts of the business. In a corporation the liability of owners is limited to their share of stocks in the business. Both a partnership and single proprietorship lack continuity, and the business terminates with the death of the owner or partner or when a partner withdraws from the business. A corporation, on the other hand, continues indefinitely even if stockholders die or transfer their shares. The primary advantages and disadvantages of the three most commonly used forms of organization are shown in the table on the following page.

Other forms of organization are the limited partnership, the statutory partnership association, the joint-stock company, the business trust, and modifications of the corporate form (such as the closed corporation and the Subchapter S corporation). Groups of workers with disabilities should also consider nonprofit ventures. You may want to organize a health, educational, religious, charitable, or service organization along with other disabled workers. Many such nonprofit organizations are tax-exempt and may act as excellent springboards for developing profit-making businesses. Advocacy and service organizations including independent living centers, group homes, and other ventures can be organized on a nonprofit basis. Under certain circumstances, nonprofit organizations may own and operate profit-making operations as sideline businesses to support or finance their activities. In all aspects of organizing your small business, obtain good legal and tax advice. Legal advice will provide you with information on various aspects of incorporation, licensing requirements, taxes or other regulations, and other legal opportunities or pitfalls. Normally you should seek a lawyer who is well-recommended directly by a friend, family member, or business associate. Seek a lawyer who has legal experience directly related to your needs. Advice on obtaining a lawyer may also be available from accountants, bankers, Chambers of Commerce, and other business sources. Several good publications providing local sources of legal referral are available from the American Bar Association. (See the list of legal referral sources at the end of this chapter.)

ADVANTAGES AND DISADVANTAGES OF LEGAL FORMS OF BUSINESS

Types of Business Organization	Advantages	Disadvantages
Single Proprietorship	1. Low start-up costs 2. Greater freedom from regulation 3. Owner in direct control 4. Minimal working capital requirements 5. Tax advantages to small owner	1. Unlimited liability 2. Lack of continuity 3. Difficulty in raising capital
Partnership	1. Ease of formation 2. Low start-up costs 3. Additional sources of venture capital 4. Broader management base 5. Possible tax advantage 6. Limited outside regulation	1. Unlimited liability 2. Lack of continuity 3. Divided authority 4. Difficulty in raising additional capital 5. Hard to find suitable partners
Corporation	1. Limited liability 2. Specialized management 3. Ownership is transferable 4. Continuous existence 5. Legal entity 6. Possible tax advantages	1. Closely regulated 2. Most expensive form to organize 3. Charter restrictions 4. Extensive record keeping required

Businesses are generally classified by their level of marketing distribution, from manufacture to delivery or consumption by the consumer. Businesses are classified as manufacturing, wholesaling, retailing, or service concerns. In general, more service businesses are started each year than all other categories of businesses combined. Service operations are easily begun. Because they can be started on a small scale, initial capital requirements are less, and needed business skills can be developed more easily. Service industries are "knowledge intensive" and primarily require a specialized knowledge or expertise. Examples of "knowledge intensive" businesses are consulting and personal service firms. "Capital intensive" businesses require large amounts of money to set up and operate. An example of a "capital intensive" business is an automobile manufacturing concern. "Labor intensive" businesses are those that require many employees to operate. Examples of "labor intensive" businesses are hospitals and schools.

You are most likely to succeed in a small retail or service-oriented business which:

- Has low capital requirements (is not capital intensive)
- Requires few employees (is not labor intensive)

- Is operated as a knowledge intensive business based on a good background
- Is operated under a carefully selected legal form.

Once you have identified the type of business you are interested in and have selected a form of organization, a business plan will usually be required. In the next chapter of this manual we will discuss the business plan and further details on organizing your new business.

Periodicals/Magazines

1. The Business Owner
   50 Jericho Turnpike, Jericho, NY 11753
   Issued: Monthly
   Annual Subscription Price: $48.00
   Content: Reference source for owners and managers of small and medium-sized businesses and the professionals who advise them.

2. Successful Business
   13-30 Corporation
   505 Market Street, Knoxville, TN 37902
   Issued: Quarterly
   Annual Subscription Price: $15.00
   Content: New small business magazine on topical subjects for independent businesses.

3. Venture
   35 W. 45th Street, New York, NY 10037
   Issued: Monthly
   Annual Subscription Price: $15.00
   Content: Magazine for entrepreneurs concentrating on deal making and financing investments.

4. INC.
   38 Commercial Wharf, Boston, MA 02110
   Issued: Monthly
   Annual Subscription Price: $15.00
   Content: Magazine for growing companies with articles on all aspects of small business development.

5. Small Business Report
   550 Hartness Street, Monterey, CA 93940
   Issued: Monthly
   Annual Subscription Price: $48.00
   Content: General small business topics.

6. In Business
   P. O. Box 323, Emmaus, PA 18049
   Issued: Bimonthly
   Annual Subscription Price: $14.00
   Content: Feature articles on various small business opportunities in addition to regular articles on financial, legal, bookkeeping, and advertising issues for small businesses.

7. Entrepreneur Magazine
2311 Pontius Avenue, Los Angeles, CA 90064
Issued: Monthly
Annual Subscription Price: $24.50
Content: Articles on wide variety of entrepreneurial opportunities.

Governmental Career Information

1. Occupational Outlook Handbook, 1980-81 Edition
U.S. Department of Labor
Bureau of Labor Statistics
Washington, DC 20212
Price: $8.00
Content: Information on occupations and industries, with current career and labor market data; it also lists sources of state reports on future occupational trends in local areas.

2. Guide for Occupational Exploration, 1979 Edition
U.S. Department of Labor
Employment and Training Administration
Washington, DC 20210
Price: $11.00
Content: Information on occupational requirements, etc., in twelve interest areas with occupations divided into workgroups and subgroups; useful in self-assessment and occupational choice.

3. Exploring Careers, 1979 Edition
U.S. Department of Labor, Bulletin 2001
Bureau of Labor Statistics
Washington, DC 20212
Price Range: $1.30 to $2.45
Content: Career information for high school level career awareness; information provided regarding fourteen occupational clusters. Career clusters include: humanities, music, theatre and media, visual arts and crafts, and writing.

4. Health Careers Guidebook, 1979
U.S. Department of Labor
Employment and Training Administration
Washington, DC 20210
Price: $5.25
Content: Provides current and detailed descriptions of work, job requirements, and opportunities in each area of the health care field.

5. Careers in Communication Media, 1975
U.S. Department of Labor
Employment and Training Administration
Washington, DC 20210
Price: $5.60
Content: Describes various occupations in the communications field and presents a step-by-step approach to overall career planning.

Franchising Publications

1. Franchising Today
1201 San Luis Obispo Avenue
Hayward, CA 94544
Issued: Bimonthly
Annual Subscription Price: $18.00
Content: Current information about trends and developments in the world of franchising.

2. Franchise Opportunities Handbook, July, 1980
U.S. Department of Commerce, Bureau of Industrial
Economics and Minority Business Development Agency
Washington, DC 20201
Price: Distributed free
Content: An index of some 750 franchising opportunities and information related to each operation. Franchising opportunities are listed for categories from auto products/services to water conditioning. Sources of franchising information are also provided.

3. Directory of Franchising Organizations
Pilot Industries, Inc.
347 Fifth Avenue
New York, NY 10016
Price: $3.50
Content: Comprehensive list of major franchises with concise descriptions. Includes important information on franchising and an evaluation check list.

4. The Franchise Annual
Info Press
736 Center Street
Lewiston, NY 14092
Price: $12.95 plus $.75 postage
Content: Describes 1,300 franchises with investment requirements and additional pertinent franchise information.

NOTES

1. U.S. Department of Commerce, Alphabetical Index of Industries and Occupations, 1980 Census of Population, 1st ed. (Washington: U.S. Department of Commerce, Bureau of Census, July 1980).

2. Wayne D. Kryszak, The Small Business Index, (Metuchen: The Scarecrow Press, Inc., 1978).

3. Thomas Nardone, "The Job Outlook in Brief," Occupational Outlook Quarterly (Spring 1980): 3-5.

4. A Look at Business in 1990, A Summary of the White House Conference on the Industrial World Ahead, (Washington: U.S. Government Printing Office, November 1972), p. 66.

5. "Technology Gives the U.S. Big Edge," Business Week #2643, (June 30, 1980): 102-3.

4. Kiplinger Washington Letter
1729 H Street, NW
Washington, DC 20006
Issued: Weekly
Annual Subscription Price: $25.00
Content: Weekly briefing on business trends, analyses, forecasts, etc.

5. National Technical Information Service
U.S. Department of Commerce
5285 Port Royal Road
Springfield, VA 22161
Content: Issues professional report announcements on technology and new trends in a variety of industries from government reports.

Legal Referral Sources

1. Finding A Lawyer
American Bar Association
Legal Services Group
Standing Committee on Lawyer Referral Services
1155 E. 60th Street
Chicago, IL 60607
Price: Free
Content: A pamphlet listing all state and local bar groups that provide referral services.

2. Directory of Lawyer Referral Services
(Same as previous item)
Price: $5.00
Content: Detailed directory of lawyer referral services throughout the United States.

NOTES

1. U.S. Department of Commerce, Alphabetical Index of Industries and Occupations, 1980 Census of Population, 1st ed. (Washington: U.S. Department of Commerce, Bureau of Census, July 1980).

2. Wayne D. Kryszak, The Small Business Index, (Metuchen: The Scarecrow Press, Inc., 1978).

3. Thomas Nardone, "The Job Outlook in Brief," Occupational Outlook Quarterly (Spring 1980): 3-5.

4. A Look at Business in 1990, A Summary of the White House Conference on the Industrial World Ahead, (Washington: U.S. Government Printing Office, November 1972), p. 66.

5. "Technology Gives the U.S. Big Edge," Business Week #2643, (June 30, 1980): 102-3.

THE BUSINESS PLAN

DESCRIPTION OF THE BUSINESS PLAN

Many small business specialists advise that all new small business ventures should be developed based upon a written planning document. Often this business plan is written by the entrepreneur to raise money or other support for the venture. The written plan will also be useful in setting your own business goals. Business plans you may want to develop will include a detailed statement about what your business is going to do. Such plans may include:

- Internal operating plans
- Capital development plans
- Marketing plans
- Contingency plans for special circumstances
- Semiformal management plans
- Communications with directors, attorneys, bankers, prospective employees, etc.

Usually the business plan describes the nature, philosophy, and operating characteristics of the new business. It also often provides important financial projections of future financial performance. The actual content and format of the business plan will vary with the purpose of the plan, the audience for the plan, and other specific circumstances. The actual content of the plan is quite individualized and varied. Business plans may also vary with the type of business or industry, type of business format, and other personal and business factors.

The success of your new business will largely depend upon how accurately you can plan. The business plan will help you to allocate resources, measure the results of your actions, set realistic goals, and make well thought-out decisions. The lack of planning will leave you poorly prepared to anticipate future decisions and actions. A good business plan will:

- Provide a path for you to follow with goals and action steps for dealing with economic conditions
- Indicate to investors and bankers the basics and direction of your business
- Help develop you as a manager and problem-solver.

A sound plan, in short, will tell what you want to do and how you will go about doing it to achieve your business goals.

CONTEXT OF THE PLAN

The Small Business Administration has, for many years, encouraged the development of a business plan as essential to starting a new business. The

SBA has an excellent check list approach which is a multipurpose guide to business planning. Starting and Managing a Small Business, the SBA publication referred to earlier, provides a guide to beginning business plans. The "Check-list For Starting a Business" contains a number of general questions which will provide planning assistance. This check list includes the following questions:

- Are You the Type? - a review of personal qualifications
- What Business Should You Choose? - a review of experience and occupational opportunities
- What Are Your Chances for Success? - an analysis of local business conditions
- What Will Be Your Return on Investment? - a view of personal investment plans
- How Much Money Will You Need? - a thorough estimate of operating expenses and capital requirements
- Where Can You Get the Money? - a recounting of banking and credit plans
- Should You Share Ownership With Others? - a review of the needs and requirements of partnerships
- Where Should You Locate? - an in-depth study of markets, resources, and locational advantages
- Should You Buy a Going Business? - a comparative analysis of starting versus buying a business
- How Much Should You Pay for It? - an estimate of financial appraisal in buying an existing business
- Should You Invest in a Franchise? - an evaluation of franchise options
- Have You Worked Out Plans for Buying? - a plan for buying required stocks and supplies
- How Will You Price Your Products and Services? - a pricing plan
- What Selling Methods Will You Use? - a consideration of selling and sales promotion methods
- How Will You Select and Train Personnel? - a personnel plan
- What Other Management Problems Will You Face? - a review of operating practices and procedures
- What Records Will You Keep? - a plan for systematic business and financial record keeping
- What Laws Will Affect You? - a review of licensing, regulatory, and other legal concerns
- How Will You Handle Taxes and Insurance? - a working plan for tax and insurance needs
- Will You Set Measurable Goals for Yourself? - a goal planning process
- Will You Keep up to Date? - an analysis of future projection and planning needs.[1]

Of course, not all business plans should review all these aspects. However, it is important that the potential entrepreneur review all these questions to aid in personal planning and goal setting. A thoughtful review of these matters will help you determine if this is or is not the proper business opportunity for you. It will also be a test of how serious you are about the venture. Clearly, poor planning and management will not increase your chances for business success. Proper planning is necessary for getting money, finding partners, selecting locations, buying businesses, or other key elements in starting a business. To the extent that you can prepare plans for buying, pricing, selling, personnel management, record keeping, and other activities, you will be ahead of the game.

GENERAL OUTLINE OF BASIC TYPES OF BUSINESS PLANS AND WHAT TO PUT IN YOUR PLAN

Since business plans vary considerably, it is difficult to provide an example of a characteristic plan. However, in general, the following suggested outline provides elements which distinguish between the financial or fund-raising plan and the operating plan. These two types of plans are most typically prepared by an entrepreneur for a new venture.

TYPES OF BUSINESS PLANS*

Planning Element	Fund-raising	Operating
Mini-plan - Summary of essential facts	Essential	Not needed
Background - origins of the product; identification of the business opportunity, and reasons for market need	Essential (should be from 1 to 5 pages long)	Include for future recollection
The team - description of the organization	May be important to many investors (some will turn here first)	Provide detailed description and organization chart
Product/service description - what it does, why it is better, proprietary features, family of products, etc.	This is the meat of the plan (provide illustrations if possible)	Include
Ownership	Include	Include (provide with formal

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*Source: Adapted from Gordon B. Baty, Entrepreneurs, Playing to Win, (Reston: Reston Publishing Company, Inc., 1979), pp. 121-23.

Planning Element	Fund-raising	Operating
		criteria for employee participation if this is an option)
The market - growth, trends, customers, representatives, and agents, etc.	Important (substantiate claims by use of information from business leaders, consultants, trade groups, governmental agencies, etc.)	Include (provide backup statistics and data, marketing segmentation, etc.)
Marketing strategy - sales channels, costs, unique promotions	Include (provide some detail on the costs of marketing)	Fully detail budget and schedules
Operations - how will you make the product or provide the service, key vendors, facilities, inventory, costs, etc.	Cover less completely (investors often assume you know your product or service)	Fully detail schedules, backup information, projection of unit costs, etc.
Research and development - objectives, costs, schedules, etc.	Development should be stressed (investors dislike paying for research)	Justify all R&D information in detail
Staff - timetables, skills required, availability, costs, etc.	Include but be brief	Include and provide reasonable details
Financial strategy - cash	Obviously important (provide best-and	Detail fully including cash

Planning Element	Fund-raising	Operating
needs, narrative rationale for long- and short-term financing	worst-case cash flow)	flow by month for six months (use graphic and numerical format)
Contingency plans - deal with actions regarding 2 or 3 crises	Provide with little detail (evidence of serious consideration is adequate)	Include, providing whatever data is readily available
Concluding statement - identify major benefits and risks	Provide 1-page summary (quantify where possible); explain how risks will be dealt with, and why this is a desirable investment related to others	Important (section on risks is essential)
Appendixes		
A. Back-up marketing data, independent studies, etc.	A. Summarize data	A. Include full backup
B. Biographies of key personnel	B. Keep brief	B. Not needed
C. Key articles by personnel	C. Include if feasible	C. Not needed
D. Table of competitors and production specifications, sales figures, etc.	D. Include if available (simplifies evaluation of your proposal)	D. Include all intelligence on competitors and their key personnel, etc.

Sometimes preparing a business plan is mandatory. For example, the Handicapped Assistance Loan Program (operated by the Small Business Administration) requires a business plan. This plan must show the disabled applicant has the experience, competency, and ability to own and operate a small business concern. The applicant must also demonstrate that he or she can successfully operate the business to repay the loan from business earnings.

The Small Business Administration also requires the completion of detailed loan forms with extensive business and personal data. Preparing these standardized forms involves considerable pre-planning and information gathering. Information such as use of the loan proceeds, collateral provided, credit information, personal finances, and other business information are requested. Additional supportive information and plans include a description and history of the business, description of loan benefits, construction estimates, management profile, profit and loss estimate for at least a full year, and other information. A complete review of SBA loan requirements along with sample applications are in their publication Bank/SBA Loans: A Partnership for Small Business Programs.2

Many state-federal vocational rehabilitation agencies also require a detailed business plan, when small business enterprises are considered. As indicated earlier, each state vocational rehabilitation agency is permitted to assist disabled persons to start and operate small business concerns. Among the many questions which the vocational rehabilitation agencies will ask are business planning questions. Agency counselors will require information (often in writing) as to:

- The reasons for a particular business choice
- Related experiences and training
- Knowledge of the proposed business
- Personal characteristics, assets, and abilities
- Financial requirements and plans.

Business planning is also an important requirement in the vocational rehabilitation program under Section 622 of the Rehabilitation Act of 1973 (amended in 1978), The Business Opportunities for Handicapped Individuals program. Under this new program (which is still not operational at this time), federal grants and contracts can be made to disabled individuals to establish or operate commercial or other enterprises. Proposed rules for the program require applicants to submit a comprehensive business plan to their applicable vocational rehabilitation agency. Information regarding applicant experience, determination of need, financial requirements, extent of benefit expected, facilities, and resources, are all relevant to consideration for a Section 622 grant or contract award.

In almost all cases where initial investment capital is requested, some form of business plan will be required. The business proposal related to a loan application uses the standard accounting language and procedures needed to actually run a business. Therefore, preparing a good business plan will help you understand the financial terminology and principles which will be useful to small business management. At a minimum, preparing a business plan should help you to understand:

- Personal financial statements
- Sources and applications of cash statements
- Preparation of a balance sheet
- Preparation of an income statement
- Preparation of a cash flow statement.

In preparing the mandatory business plan connected with a financial request (whether to a local bank or government agency), you should be prepared to:

- Provide information indicating the risks associated with the business loan
- Supply evidence that you have carefully thought out details of the business
- Identify the extent to which you can demonstrate personal competencies through the content and format of the plan
- Demonstrate that you have considered competitive and business conditions and promotional opportunities.

PLANNING HELP

In developing your business plans, professional and technical planning assistance will be invaluable. Subsequent chapters of this manual will detail governmental and private sources of planning help. Management assistance is available to you, as an entrepreneur, through a number of federally operated or assisted programs. Agencies such as the U.S. Departments of Commerce, Agriculture, Education, and Labor, as well as the Small Business Administration can help directly and indirectly. They will not only assist you in formulating and writing your plan, but will also provide invaluable data for your planning.

The Small Business Administration supports colleges and universities throughout the country to assist entrepreneurs. Many such programs will be able to aid you in developing your ideas and plans. Under the Small Business Institute program, student teams serve as advisors and counselors to small business. Almost 500 college and university programs can offer direct assistance in business planning. Planning help may also be available through business associations, trade groups, consulting organizations, and other business sources. We will discuss these sources in detail in subsequent chapters. There are also numerous guides, books, and other publications in the area of planning, business plans, and marketing planning. (See the end of this chapter for a selection of planning publications.)

Planning Publications

1. Business Plan for Retailers
   Small Marketers Aids (SMA 150)
   Small Business Administration
   Washington, DC 20416
   Price: Free
   Content: Discusses retail plans including sales potential, marketing, buying, stock control, start-up cost estimating, cash forecasts, and other retail planning practices.

2. Business Plan for Small Manufacturers
   Small Marketers Aids (SMA 218)
   Small Business Administration
   Washington, DC 20416
   Price: Free
   Content: Contains information on manufacturing planning including marketing, distribution, sales volume, production estimating, financial projections, and other manufacturing planning practices.

3. Entrepreneur's Handbook
   Artech House
   610 Washington Street
   Dedham, MA 02026
   Price: $35.00
   Content: A two-volume book of readings for the entrepreneur containing excellent articles on business plans and other subjects of interest to entrepreneurs.

4. Planning and Financing Your New Business - A Guide to Venture Capital
   Management Association
   Box 230
   Chestnut Hill, MA 02167
   Price: $23.00
   Content: An excellent guide to venture capital and business plans related to financial planning; particular focus on venture capital sources in the Northeast with coverage of more active venture sources throughout the United States.

5. How to Read and Write a Business Plan
   The Center for Entrepreneurial Management
   311 Main Street
   Worcester, MA 06108
   Price: $30.00
   Content: A concise essay on the essentials of raising new money or expanding an existing business; also provides additional information sources.

6. The Business Planning Guide
David Bangs and William Osgood
Upstart Publishing Company
366 Ishington Street
Portsmouth, NH 03801
Price: $20.00
Content: One of the most comprehensive sources on business planning; reviews the subject authoritatively.

7. The Business Plan
Leonard Smollen
Institute for New Enterprise Development
385 Concord Avenue
Belmont, MA 02178
Price: $16.00
Content: A two-part document on preparing business plans.

8. How to Write a Marketing Plan
John A. Quagliaroli
Institute for New Enterprise Development
385 Concord Avenue
Belmont, MA 02178
Price: $30.00
Content: Contains methods for analyzing markets, establishing marketing objectives, and determining a marketing strategy and action programs; examples and abstracts of actual marketing plans from a variety of ventures are also provided.

NOTES

1. Wendell O. Metcalf, Starting and Managing a Small... Business of Your Own, The Starting and Managing Series, I, 3rd ed., (Washington: Small Business Administration, 1973), pp. 86-94.

2. Bank/SBA Loans: A Partnership for Small Business Progress, (Washington: Small Business Administration, undated).

3. Wade O. Stainaker and Keith Wright, eds., Small Business Enterprises in Vocational Rehabilitation, (Washington: U.S. Department of Health, Education, and Welfare, Vocational Rehabilitation Administration, 1963), pp. 3-7.

GOVERNMENT HELP - FEDERAL ASSISTANCE

TYPES OF ASSISTANCE

In previous chapters we generally discussed major governmental resources for the disabled entrepreneur. In this section we will provide you with a more detailed analysis of special and/or general governmental assistance. One way of organizing a discussion of such resources is to divide them into functional categories by type of service or help. In practice many agencies provide one or more types of assistance. Another way is to organize services by agency and to list them agency-by-agency.

To locate the proper type of help you will probably need both a service framework and an agency framework. Hence, this chapter will be organized using both approaches. In addition, a short description of each agency will be provided to facilitate an overall understanding of the program. The major source of information on federal assistance programs is the Catalog of Federal Domestic Assistance.[1] This definitive index catalogs more than one thousand federal programs administered by almost sixty federal agencies. You should refer to it when you need more specifics regarding each program.

Federal assistance for the development and support of small business enterprises can be organized into the following major categories:

- Education and training assistance
- Technical and managerial assistance
- Financial assistance
- Procurement assistance.

Statistics from the federal agencies that assist in small business development indicate that every year more than one billion dollars is spent on small business start ups. This is supplemented by indirect aid and services provided free of charge to potential entrepreneurs. In an effort to assemble relevant information on some twenty-five governmental departments, a handbook was compiled by the Senate Small Business Committee. The Handbook for Small Business provides detailed information on each program.[2] Many of the program descriptions in this section were obtained from this source. Sources and types of help may vary from time to time and place to place. Funding of these programs may also affect their availability at any given time. Actual service availability must be confirmed with the sponsoring agency in your area.

SERVICE ANALYSIS

- Education and Training Assistance

Without knowledge, education, and experience, the options for entrepreneurship for disabled persons are virtually nil. The federal resources to assist in your education and training as an entrepreneur range from basic academic business education to short-term training opportunities for adults. The following list of major small business education and training opportunities supported under federal auspices may help you. (Note: The OMB number indicated is the reference to the identifying number in the Catalog of Federal Domestic Assistance referred to earlier.)

OMB No.	Agency	Program
10.420	Department of Agriculture	Rural Self-help Housing Technical Assistance
10.881	Department of Agriculture	Extension Service
11.800	Department of Commerce	Office of Minority Business Enterprise, Minority Business Development
B-12	Department of Education	Randolph-Sheppard Vending Stands
17.232	Department of Labor	Comprehensive Employment and Training Act
17.240	Department of Labor	Youth Employment and Training Act
47.009	National Science Foundation	Scientific Personnel Preparation
59.005	Small Business Administration	Management Assistance to Small Businesses
59.028	Small Business Administration	Small Business Institutes and Development Centers
64.111	Veterans Administration	Veterans Educational Assistance
64.116	Veterans Administration	Vocational Rehabilitation for Disabled Veterans
84.002	Department of Education	Bureau of Occupational and Adult Education

OMB No.	Agency	Program
84.048	Department of Education	Vocational Education
84.081	Department of Education	Community Service and Continuing Education
84.094	Department of Education	Graduate and Professional Opportunities
84.126	Department of Education	Rehabilitation Services and Facilities (support for education and training)

- Technical Management Assistance

One of the most important aspects of small business development is management know-how. Management expertise is normally made available by the federal government through technical, management assistance, and special information programs. Some of the major federal programs which may provide such assistance to you are listed below:

OMB No.	Agency	Program
10.153	Department of Agriculture	Market News
10.420	Department of Agriculture	Rural Self-help Housing Technical Assistance
10.883	Department of Agriculture	Technical Information System
11.001	Department of Commerce	Census and Statistical Reports
11.002	Department of Commerce	Census Data User Services
11.104	Department of Commerce	Business Assistance, Services, and Information
11.301	Department of Commerce	Economic Development, Business Development Assistance
11.303	Department of Commerce	Economic Development -

OMB No.	Agency	Program
		Technical Assistance
11.650	Department of Commerce	National Technical Information Service
11.800	Department of Commerce	Minority Business Development - Management and Technical Assistance
E-12	Department of Education	Randolph-Sheppard Vending Stands
17.002	Department of Labor	Labor Force Statistics
17.006	Department of Labor	Economic Growth Data
17.100	Department of Labor	Labor-management Relations Service
39.001	General Services Administration	Business Services
59.005	Small Business Administration	Management Assistance to Small Businesses
59.007	Small Business Administration	Management and Technical Assistance For Disadvantaged Businesspersons
59.009	Small Business Administration	Procurement and Technical Assistance to Small Business
59.026	Small Business Administration	Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE)
84.126	Department of Education	Rehabilitation Services and Facilities (Sec. 622 Program and Sec. 110 Program)

- Financial Assistance

Although the Small Business Administration is one of the major sources of loan assistance for small businesses, there are a number of other federal loan programs. Obstacles to obtaining credit and capital for the creation and operation of a business may inhibit many disabled entrepreneurs. Federal financing programs are important to small business development and will probably interest you. Remember, however, that federal financial assistance has been established to supplement needs of small businesspersons which are not met by private sources of money. Most federal lending programs require that these private sources be tapped before they will extend a federal loan.

OMB No.	Agency	Program
10.404	Department of Agriculture	Emergency Loans
10.406	Department of Agriculture	Farm Operating Loans
10.407	Department of Agriculture	Farm Ownership Loans
10.422	Department of Agriculture	Business and Industrial Loans
10.428	Department of Agriculture	Economic Emergency Loans
11.300	Department of Commerce	Economic Development - Public Works Grants and Loans
11.301	Department of Commerce	Economic Development - Business Development Assistance
11.800	Department of Commerce	Minority Business Development - Management and Technical Assistance
B-12	Department of Education	Randolph-Sheppard Vending Stands
59.001	Small Business Administration	Displaced Business Loans
59.002	Small Business Administration	Economic Injury Disaster Loans
59.003	Small Business Administration	Economic Opportunity Loans for Small

OMB No.	Agency	Program
		Businesses
59.008	Small Business Administration	Physical Disaster Loans
59.011	Small Business Administration	Small Business Investment Companies
59.012	Small Business Administration	Small Business Loans
59.021	Small Business Administration	Handicapped Assistance Loans
84.126	Department of Education	Rehabilitation Services and Facilities (Sec. 622 Program and Sec. 110 Program)

- Procurement Assistance

Small business supplies a wide variety of goods and services to the federal government each year. As such, the government may represent a major market for your new small business. Again, the Small Business Administration is the major agency responsible for providing small business procurement assistance. Small business participation in federal procurement may come by way of prime contracts and subcontracts. The major federal programs which may assist your small business in selling to the government include:

OMB No.	Agency	Program
11.800	Department of Commerce	Minority Business Development - Management and Technical Assistance
11.900	Department of Commerce	Patent and Trademark Technical Information Dissemination
39.008	General Services Administration	Federal Information Center
59.006	Small Business Administration	Minority Business Development - Procurement Assistance

OMB No.	Agency	Program
59.009	Small Business Administration	Procurement and Technical Assistance to Small Businesses
59.019	Small Business Administration	Minority Vendors Program

AGENCY ANALYSIS

This section provides a brief description of federal agencies which may assist in your small business venture and summarizes the programs offered by each agency.

- U.S. Department of Agriculture

The Department of Agriculture operates an extensive agricultural business enterprise program. This program assists in the establishment of farms and of activities which contribute to their commercial opportunities. Major activities which assist small businesses include Agricultural Marketing Services, Rural Development Services, and the Farmers Home Administration (FmHA). The FmHA operates a business and industry loan program which issued almost 300 million dollars in loans and loan guarantees in 1979. The business and industry program is designed to bring nonfarm businesses to rural areas. Unlike many other federal loan programs, the FmHA borrower need not be turned down by other lenders first. The FmHA does not require that they be the lender of last resort.

The various major programs operated by the Department of Agriculture include:

OMB No.	Program
10.153	Market News
10.404	Emergency Loans
10.406	Farm Operating Loans
10.407	Farm Ownership Loans
10.420	Rural Self-help Housing Technical Assistance
10.422	Business and Industrial Loans

OMB No.	Program
10.428	Economic Emergency Loans
10.881	Extension Service
10.883	Technical Information Systems

- U.S. Department of Commerce

The Department of Commerce is responsible for promoting and developing foreign and domestic commerce. This includes the responsibility to foster economic development and technological advancement. Its business activities are planned and directed to the interests of all sizes of United States business. Major activities of the Department include the Office of Minority Business Development, Economic Development Administration, Bureau of the Census, and the Bureau of Economic Analysis. The Economic Development Administration (EDA) makes loans to new and existing businesses in depressed areas. More than 300 million dollars in direct loans and loan guarantees were made in 1979 by EDA.

The major programs supporting small business of the Department of Commerce include:

OMB No.	Program
11.001	Census and Statistical Reports
11.002	Census Data User Services
11.104	Business Assistance, Services, and Information
11.300	Economic Development - Public Works Grants and Loans
11.301	Economic Development - Business Development and Assistance
11.303	Economic Development - Technical Assistance
11.650	National Technical Information Service

OMB No.	Program
11.800	Office of Minority Business Enterprise
11.900	Patent and Trademark Technical Information Dissemination

- U.S. Department of Education

The Department of Education is the newest federal department and supports three of the specialized programs for disabled entrepreneurs. These programs are the Small Business Enterprise Program (supported by state-federal vocational rehabilitation agencies under Section 110 funds); the Randolph-Sheppard Vending Stands Program for blind or visually inpaired clients, and the Business Opportunities for Handicapped Individuals Program (supported by state-federal vocational rehabilitation agencies under Section 622 funds). The latter program is not operational at the time of this publication, although it may be implemented during 1981. For further information on this program contact your local state vocational rehabilitation agency directly.

The major Department of Education programs include:

OMB No.	Program
84.002	Bureau of Occupational and Adult Education
84.048	Vocational Education
84.081	Community Service and Continuing Education
84.094	Graduate and Professional Opportunities
84.126	Rehabilitation Services and Facilities (support for education and training)
84.126	Rehabilitation Services and Facilities (Sec. 622 Program and Sec. 110 Program)
B-12	Randolph-Sheppard Vending Stands

- U.S. Department of Labor

The Department of Labor provides a variety of employment-related services to businesspersons and to the public. Although the Department does not provide major special services for the entrepreneur, the supportive employment services provided are helpful to many small businesses.

The relevant programs operated by the Department of Labor include:

OMB No.	Program
17.002	Labor Force Statistics
17.006	Economic Growth Data
17.100	Labor-management Relations Service
17.232	Comprehensive Employment and Training Act
17.240	Youth Employment and Training Act

- General Services Administration

The General Services Administration (GSA) coordinates civilian procurement for the federal government. Each federal agency has an Office of Small and Disadvantaged Business utilization which coordinates its activities with the GSA. The GSA also operates thirteen Business Service Centers in major metropolitan areas. Counselors at these centers advise and assist business representatives concerning contracting opportunities with the federal government.

The major programs operated by GSA which are of interest to small businesses include:

OMB No.	Program
39.001	Business Services
39.008	Federal Information Centers

- Small Business Administration

The Small Business Administration was created by Congress to advise, assist, and advocate for small businesses. SBA offers four general kinds of help to small businesses: financial assistance, procurement assistance, advocacy of small business, and management assistance. It also provides special programs to meet the needs of groups such as women, veterans, minorities, socially and economically disadvantaged groups, disaster victims, refugees, farmers, and others. Among these special programs is the Handicapped Assistance Loan Program which provides low-interest loans to entrepreneurs with disabilities.

The comprehensive array of small business programs provided by the Small Business Administration includes:

OMB No.	Program
59.001	Displaced Business Loans
59.002	Economic Injury Disaster Loans
59.003	Economic Opportunity Loans for Small Businesses
59.005	Management Assistance to Small Businesses
59.007	Management and Technical Assistance for Disadvantaged Small Businesspersons
59.008	Physical Disaster Loans
59.009	Procurement and Technical Assistance to Small Business
59.011	Small Business Investment Companies
59.012	Small Business Loans
59.021	Handicapped Assistance Loans
59.019	Small Vendors Program
59.026	Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE)
59.028	Small Business Institutes and Development Centers

- Other Federal Agencies

The other two agencies which have incidental programs assisting in the education and training of entrepreneurs and other self-employed persons are the National Science Foundation and the Veterans Administration. In addition, the U.S. Department of Defense, U.S. Department of Energy, Environmental Protection Agency, U.S. Department of Housing and Urban Development, and U.S. Department of Interior, have programs which may assist small businesses.

The relevant programs sponsored by the National Science Foundation and the Veterans Administration include:

OMB No.	Agency	Program
47.004	National Science Foundation	Scientific Personnel Preparation
64.111	Veterans Administration	Veterans Educational Assistance
64.116	Veterans Administration	Vocational Rehabilitation for Disabled Veterans

The assistance from the federal and other governmental agencies listed in this section is extensive and varied. In a number of instances there are specific eligibility qualifications. Some programs may be limited to certain age groups or be solely for minorities, veterans, or other special groups. There are also, as noted earlier, financial criteria for many programs. These programs require the establishment of financial need and proof of the unavailability of funds from other conventional private sources. As a disabled entrepreneur you should confer with your local Small Business Administration office for more information on various other public and private programs for small businesses. SBA is presently developing a definitive guide to federal small business help. The Federal Small Business Assistance Handbook[3] will cross-reference programs sponsored by each agency, department, or office and will summarize their programs. A list of SBA regional offices is provided in Appendix A of this manual to assist you in locating a local contact.

In addition, you may want to contact your local vocational rehabilitation agency. Your state agency can advise you about their small business enterprises or opportunities program. In many state agencies a specialist is assigned to this program to coordinate small business enterprise activities on a state-wide basis. Visually handicapped individuals should contact either the general vocational rehabilitation agency or special vocational rehabilitation agency for the blind for information on their vending stand and other business opportunities programs. Appendix B provides a list of state vocational rehabilitation agencies (both general and blind agencies).

A number of states also have other agencies, offices, advisory boards, and programs to aid small business. An economic development movement has been growing on the state level to foster financing alternatives, entrepreneurial training, and other assistance for small business. As with federal programs, the actual availability of state-level help for your new small business enterprise will vary depending upon where you establish your business. Budget problems and other program constraints and priorities may also limit the availability of state or local governmental help. The most recent authoritative resource and directory on existing state programs is the Directory of State Small Business Programs, 1980 Edition.[4] Many states provide technical assistance, procurement set-asides, direct loans and loan guarantees, or other help to small businesses.

This publication will help you locate state contacts and help in your own locality. You may also want to refer to other guides which catalog assistance or financial help specifically for disabled individuals. Several recent publications which provide a good review of such federal help include: Federal Assistance for Programs Serving the Handicapped[5] (available from the U.S. Department of Education, Office for Handicapped Individuals) and Financial Resources for Disabled Individuals[6] (available from the National Rehabilitation Information Center, 4407 8th Street, NE, Washington, DC 20017). These publications provide useful funding information for you as both a disabled individual and businessperson.

NOTES

1. Executive Office of the President, Catalog of Federal Domestic Assistance, (Washington: Office of Management and Budget, 1980).

2. U.S. Senate, Select Committee on Small Business, Handbook for Small Business - A Survey of Small Business Programs of the Federal Government, 4th ed., 1979, Senate Document No. 96-44, March 10, 1980.

3. Federal Small Business Assistance Handbook, (Washington: Small Business Administration, to be published in 1981).

4. Directory of State Small Business Programs, 1980 Edition, (Washington: Small Business Administration, Office of Chief Counsel for Advocacy, July 1980).

5. U.S. Department of Education, Federal Assistance for Programs Serving the Handicapped, (Washington: U.S. Department of Education, Office of Special Education and Rehabilitative Services, Office for Handicapped Individuals, 1980).

6. Institute for Information Studies, Financial Resources for Disabled Individuals, (Falls Church: Institute for Information Studies, 1980).

PRIVATE HELP

SMALL BUSINESS GROUPS

A number of privately sponsored (nongovernmental) business groups, associations, and organizations represent and assist small businesspersons. Many of these groups provide information, training, and consultant services to entrepreneurs. These groups are organized on an international, national, regional, and local basis. In addition to organizations which deal with small business in general, there are numerous industry, trade, and professional groups. They provide information and services for specific types of businesses or professions. You may be interested in contacting one of these groups for information or assistance on your new business venture.

Some of the major national private groups providing general information and services to entrepreneurs include the following:

1. National Federation of Independent Business
150 W. 20th Avenue
San Mateo, CA 94403
(415) 341-7441
Description: Represents more than one-half million independent businesspersons and professionals. Members vote on proposed legislation through a newsletter ballot in the Mandate. Provides statistical information on small business operations. Single complimentary copies of publications are available on request.

2. National Small Business Association
1604 K Street, NW
Washington, DC 20006
(202) 296-7400
Description: A nonprofit and nonpartisan organization representing about 40,000 small business people, including those in manufacturing, wholesale, retail, and other firms. Their major publication is the Voice of Small Business with news of interest to small businesses.

3. Center for Small Business
Chamber of Commerce of the United States
1615 H Street, NW
Washington, DC 20062
(202) 659-6181
Description: Special project of the Chamber to provide assistance and information to small businesses. Local chambers may also provide valuable local assistance. There are some 750 small business councils and committees in local chambers.

Consult your telephone directory to locate your local chamber.

4. The Center for Entrepreneurial Management
311 Main Street
Worcester, MA 01608
(617) 755-0770
Description: Clearinghouse on information for entrepreneurial managers with a wide range of publications, training programs, tapes, and a regular monthly newsletter, The Entrepreneurial Manager.

5. International Council for Small Business
c/o University of Wisconsin - Extension
929 N. 6th Street
Milwaukee, WI 53202
(414) 224-1816
Description: Nonprofit organization concerned with continuing education in small business management. Open to individuals, students, schools, etc., who are interested in administration and management of small business concerns. Members receive regular publications including the Journal of Small Business Management.

6. Small Business Service Bureau
544 Main Street
Box 1441
Worcester, MA 01601
(617) 756-3513
Description: National groups organized to provide assistance to very small (fewer than five employees) businesses. Particular focus on retail business. Provides good insurance packages for small companies.

7. Support Services Alliance, Inc.
Crossroads Building
2 Times Square
New York, NY 10036
(212) 398-7800
Description: A nonprofit group acting as a general purchasing agent for small business people. Originally formed under a Rockefeller Foundation grant, it provides low-cost insurance, legal referrals, and auto and other discounts to members.

8. International Entrepreneur's Association
631 Wilshire Boulevard
Santa Monica, CA 90401
Description: An excellent resource organization for ideas on succeeding in a business of your own. Publishes a monthly magazine, Entrepreneur, with back issue reports available on 100 specific business opportunities. It specializes in new

retail opportunities. Membership is about 40,000 individuals.

9. The Smaller Manufacturer
339 Boulevard of the Allies
Pittsburgh, PA 15222
(412) 391-1624
Description: An association of small business manufacturers. Composed of 600 small companies. Prepares an annual directory of members, purchasing agents, engineering services, etc.

10. National Business League
4324 Georgia Avenue, NW
Washington, DC 20011
(202) 829-5900
Description: An organization supporting minority businesses and minority entrepreneurs. Issues a monthly newsletter, resource materials on minority purchasing, and a list of procurement and purchasing agents.

11. The Research Institute of America
Research Institute Building
589 5th Avenue
New York, NY 10017
Description: A private business advisory group supported through industry memberships. Provides new ideas for small businesses on selected topics. Special focus on tax-related subjects.

12. Marketing General Incorporated
1225 19th Street, NW, Suite 400
Washington, DC 20036
(202) 463-7830
Description: A for-profit consulting firm offering management counseling and advice to nonprofit groups interested in small business ventures.

To determine whether the services and publications of these organizations might help you, thoroughly examine their programs. Membership or involvement with national small business groups should be supplemented by participation and contacts within state business, trade, and other groups or associations. You can easily identify these through your hometown telephone directory or through specialized business directories.

If you are interested in obtaining further information on local and national associations, the American Society of Association Executives (ASAE) lists many of these groups. ASAE publishes an annual directory, Who's Who in Association Management,[1] which provides detailed information on technical, educational, business, trade, and professional associations. Further information on the functions and purposes of associations you may be interested in can be obtained by contacting:

Director of Information
American Society of Association Executives
1575 I Street, NW
Washington, DC 20005
(202) 626-2723

FINANCIAL ASSISTANCE

Inevitably your new small business venture will require private sources of financing. To receive most types of government loans or grants you will be required to demonstrate that you have explored other capital sources. The following are sources of initial private financial support which you should consider:

- Loans on assets - banking and other financial institutions often make loans against existing assets such as insurance policies, stocks, and refinanced mortgages
- Credit unions - credit unions are cooperatives formed to provide loans to their members; many organizations or employers operate credit union programs
- Direct bank loans - although many banks hesitate to lend start-up capital, they may supplement other lenders
- Local or regional economic development corporations or commissions - organizations set up to stimulate economic development such as Community Development Corporations
- Small Business Investment Companies (SBIC) - the Small Business Administration supports private companies licensed to make straight loans or equity-type investments in small businesses (an SBIC listing is available from the SBA)
- Institutional lenders such as insurance companies.

Lending institutions and banks usually prefer to lend money against collateral, because they may liquidate this collateral if you default on the loan. Obtaining business loans is an art in itself. In most cases, to obtain loans you must develop a good personal financial statement and a well-prepared financial plan as mentioned earlier in this book.

Start-up financing will be hard to get, because banks are generally cautious about lending to unproven new business ventures, no matter who is starting them. If you have little capital of your own to invest and little experience in applying for a bank loan, you will probably be turned down. Furthermore, if you are asking for a small loan of less than $20,000, you will inevitably be turned down. Many banks consider these small loans to be both too risky and too uneconomical to approve.

As noted earlier, the Small Business Administration has a program to assist disabled entrepreneurs in obtaining direct and guaranteed loans. Under SBA Handicapped Assistance Loans (HAL-II) low interest loans are directly available to qualified disabled applicants. You can either apply to your local bank (or other lending institution) which will help you obtain a guaranteed loan, or you can apply directly to SBA for a three-percent direct loan. Normally such SBA loans under the HAL-II program are made for no more than $100,000, although under special circumstances larger loans (up to $350,000) are possible.

WHAT YOU NEED TO BRING WHEN APPLYING FOR A LOAN*

Learn as much about the bank or other lending institution you are approaching as possible. The better you understand the lender's goals, needs, and problems, the better your chances for successfully getting the loan. At a minimum for a new business have handy:

- A detailed resume giving your background and management experience
- A description of your company and its services or product line
- A monthly cash flow forecast for the next twelve months
- An annual cash flow forecast for the next five years.

If you seek additional financing for an existing business you are buying or have operated, bring along:

- A brief history of the company and fiscal statements for the past three years
- The latest interim financial statement
- A forecast of operations for the next year, by month, and for the next five years
- At least three trade references and one bank reference.

Generally speaking, you will need two basic sources of money to start your new business. These are:

- Your own cash on hand such as savings or assets which may be converted to cash (e.g., stocks, bonds, or other property that may be sold). This is called "owner or equity capital."
- Money which you can borrow from someone or from a lending institution; this is usually paid back on a formal scheduled basis. This is known as "debt capital."

The financing of your new business venture may be considered as a pool of funds coming from a variety of sources. Sources may include investment by you the owner, partners, creditors, or other lenders. Three types of financing are usually required to get your new business into full operation. These include:

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*Source: Adapted from Leonard Druger, "What to Bring When Applying for a Loan," Working Woman (March 1980): 22.

- Adventure money - seed or start-up money to establish the business, deliver the first goods or services, and to operate for the first six months
- Venture money - financing for the first year or two of operations
- Collateralized money - sustained lending based upon the assets of the new concern.

It is commonly held that credit needs become less important as a new business grows and becomes firmly established. However, this is not the case. As your small business prospers, your need for credit and financial support will increase. Your growing small business will require ongoing financial injections. It will be very difficult for you to get adventure money from your bank. But, once you have operated profitably for six months or a year, many banks will extend short-term venture money and collateralized money to you in longer-term loans.

A good working knowledge of financial and banking institutions is essential. That is, you have to learn to shop for money and to locate the right sources for your needs. Some of the elements you should be looking for in a potential lending institution include:

- The size, location, and reputation of the bank or institution
- The amount of interest charged
- The type and range of financial services or other business counseling provided
- The specialization (if any) of the lending institution
- The treatment afforded you by the loan officer. Commercial banks generally charge higher interest rates, but provide more business services than credit unions. Savings and loan companies cannot provide business loans, but may issue short-term personal loans which you may use to start a business.

The number of financial newsletters and other publications on financing has exploded in the past few years. The number and variety of these publications reflects on the vital need by small businesses to raise capital. Keeping abreast of financial trends, resources, and the financial community will be an important part of your weekly job as an entrepreneur. (See the end of this chapter for a small sample of newsletters and other publications on financing and capital assistance). In addition, there are some excellent new and up-to-date books on financing your small business enterprise. (See the end of this chapter for a selection of books available on small business financing.)

In addition to seeking funds from traditional lending institutions, commercial banks, venture capital firms, and other organizations, you may seek short-term credit from suppliers. Obtaining credit from suppliers of goods used in your business can often substitute for loans from regular lending institutions. It should be noted, however, that trade credit is usually extended only after the purchaser has established a patronage record. Factoring and finance companies are also good sources of short-term financing. Factoring companies operate by purchasing a business' accounts receivable. This may help your business to bridge its short-term cash flow needs. They may also perform credit checks for you, collect on accounts, and perform other related services. Most factoring occurs in the apparel industry and in manufacturing, wholesale, or distributing operations.

Another source of short-term financing is finance companies. Most finance companies lend capital to small businesses with fixed assets as collateral. Normally these companies lend only seventy-five percent of the market value on these assets. Although factoring and finance companies have reputations as lenders of last resort, they may offer many services to you which can significantly lower your finance charges. They are especially good sources of short-term funds when your business cannot expand rapidly enough to meet demand, has cash flow problems, or when sales have slackened. On balance, realize that adventure and venture capital is quite scarce in the financial marketplace. As a disabled small businessperson, you will probably have to rely upon self-financing until you reach the collateralized financial stage. This means that for at least the first few years your business will be financed by yourself and by other personal financial resources (including any available governmental sources of grants, subsidies, and contracts). As the business grows, it will gradually be supported by assets, funds, and lending from outsiders. Once the business is established the conventional lending institutions will show an interest in providing funds.

Credit availability relies on the confidence that lenders will be repaid on time, earn interest, and generate more business. All lenders and creditors will focus their attention on the viability and survivability of your small business enterprise and your entrepreneurial abilities. When applying for credit, you must be able to demonstrate your management talents and capabilities, organizational stability, and good future prospects. Banks cite the following reasons for turndowns (in approximate order of importance):

- Inadequately prepared loan proposals
- Lack of prior business experience
- Undercapitalization of the enterprise
- Lack of personal investment capital
- Inadequate legal or accounting input
- Lack of market projections and future earnings surveys or projections
- A bad credit record or rating.

An interrelated area of financial assistance concerns obtaining insurance coverage. Often you will need to obtain insurance coverage before receiving loan funds. Two basic types of commercial insurance are usually involved. The first is surety bonds, which guarantee performance on a contract or obligation. Surety bond companies hesitate to extend insurance to any new small business venture. Such insurance coverage is normally extended based on the character, capacity, capital, and track record of the applicant. Property and liability insurance may also be required by lenders. However, such insurance is usually more readily and generally available than surety bonds. Personal medical and disability insurance may also be required to assure lenders that personal health risks are covered.

EDUCATIONAL AND OTHER PRIVATE ASSISTANCE

In the past few years attention has been focused on improving the knowledge and training of budding entrepreneurs. Today several hundred colleges and graduate schools offer courses on starting new small business ventures. Such schools as Northeastern University in Boston, the University of Pennsylvania's Wharton School, the University of Southern California, and Baylor University now offer undergraduate majors or concentrations in entrepreneurship. Many others are considering offering degrees in small business management. A comprehensive review of course offerings of colleges and universities throughout the United States was published in 1977. This 500-page book entitled Course Offerings in Small Business Management/Entrepreneurship describes courses in small business management offered by graduate business schools, four-year colleges, and universities.[2]

The most popular course offerings concern small business management and entrepreneurship. Some schools focus on the small business aspects of management, technological functions, marketing, venture formation, venture management, venture initiation, and entrepreneurial research. The purposes of such courses are to help students

- Organize and operate small businesses
- Function as consultants to small businesses
- Solve business problems and use effective small business methods or techniques
- Acquire valuable learning opportunities based on classroom exercises and field experiences
- Develop an understanding of the role of small business in the free enterprise system
- Learn techniques necessary to meet competition.[3]

Attendance in a university small business course may be useful to you during the transition from a salaried job to an entrepreneurial venture. Aside from providing learning and informational opportunities, such courses may help you in networking. As indicated earlier, they may also provide you an opportunity to receive informed business and personal counseling. Courses in small business management are normally found in business schools and sometimes in schools of engineering or industrial/management engineering departments. A detailed list of schools and course descriptions can be obtained by writing:

The Center for Venture Management
207 E. Buffalo Street
Milwaukee, WI 53202.

In addition to course offerings, many other schools and universities may also provide you with technical, planning, and other assistance. The Small Business Administration currently offers schools $250 per case to work with local small businesspersons. Many schools have developed so-called Small Business Institute programs. Under this program student teams serve as management counselors to small businesses. Currently some 480 schools and more than 8,000 students work with SBA funding to assist entrepreneurs. A number of University Business Development Centers (UBDC) are also funded by the SBA and other governmental agencies. They are usually operated on a regional basis to assist small businesses to become established and to grow. They can offer you very specific assistance, especially in the area of business planning. A list of the nine UBDCs is located in Appendix C.

If you need help in financing higher or postsecondary education, a number of federal and state programs can offer such help. These include the state vocational rehabilitation program, the Veterans Administration, vocational education programs, and others. The publication, Federal Assistance for Programs Serving the Handicapped (referenced earlier) lists many sources of federal funding for education and training.[4] Each year thousands of disabled individuals receive education or training in colleges, universities, and business schools which are financed by state vocational rehabilitation agencies (both blind and general) and through the Veterans Administration. Assistance is available to pay for tuition and other costs of educational programs including small business education. In addition, numerous other sources of private and public support for education and training should be looked into. A host of groups and organizations offer short-term training or seminars on small business management. (See the end of the chapter for a selection of some Small Business Nonacademic Training Opportunities.)

Although there are many groups, associations, organizations, and service providers for disabled persons, few specifically assist the disabled entrepreneur. This does not mean that these private organizations do not provide financial and other assistance to disabled persons interested in small business enterprises or in self-employment. It is apparent, however, that most of these organizations concentrate on other areas of employment or other services to disabled persons. However, assistance which is available from voluntary private organizations for disabled people should not be discounted. A good place to start in identifying such programs is the Directory of Organizations Interested in the Handicapped. This is available free of charge at the following address:

The Committee for the Handicapped
People to People Program
Suite 610
LaSalle Building
Connecticut and L Streets, NW
Washington, DC 20036.

This directory provides detailed information on over 100 organizations serving disabled persons.

One organization which has been identified as being concerned with disabled entrepreneurs is the American Council of the Blind. The Council is composed primarily of blind persons in state organizations and affiliated professional organizations. Affiliated groups include self-employed blind persons such as lawyers, secretarial transcribers, and others. The Randolph-Sheppard Vendors of America, a group representing blind vending stand operators, is also affiliated with the Council. A special interest group for blind entrepreneurs, the Independent Visually Impaired Entrepreneurs (IVIE) is currently being organized. The Council has transcribed a number of Small Business Administration small business publications on four-track, multispeed cassette tapes for visually disabled entrepreneurs. For further information on their availability and on the other programs of the Council contact:

The American Council of the Blind
1211 Connecticut Avenue, NW
Suite 506
Washington, DC 20036
(202) 833-1251.

Another organization which specializes in assisting disabled entrepreneurs is the Association of Handicapped Artists, Inc. This group assists those artists with paralysis or other conditions which result in the loss of dexterity. The organization provides scholarships to foot and mouth artists, holds exhibitions, and markets art works worldwide. This organization can be contacted at:

Association of Handicapped Artists
499 Washington Street
Buffalo, NY 14203
(716) 855-1330.

Yet another group which can aid disabled entrepreneurs is "Accent on Information." In addition to publishing Accent on Living on disabled lifestyles, "Accent on Information" also provides a low-cost search and retrieval service for disabled job seekers. This includes information on self-employment and small business opportunities. Accent Special Publications has also issued an excellent publication entitled Home Operated Business Opportunities for the Disabled.[5] It offers tips on starting a home-based business and vignettes on businesses such as the home-operated accounting firm, typing service, transportation service, computer service, babysitter registry, telephone answering service, beauty parlor, farm, and arts and crafts operations. Further information is available by contacting:

Accent on Information
P.O. Box 700
Bloomington, IL 61701
(309) 378-2967.

Private or public rehabilitation centers, rehabilitation facilities, independent living centers, and other vocational guidance groups may also provide general assistance and/or specific help for you as an entrepreneur with a disability. One such program is Data Processing for the Handicapped of the Woodrow Wilson Rehabilitation Center in Fishersville, Virginia. This project provides computer programming training for severely disabled persons, enabling them to work as self-employed programmers. Various adaptive devices have been developed by the project with the assistance of International Business Machines (IBM). You can obtain further information about this project by contacting:

Data Processing for the Handicapped
Woodrow Wilson Rehabilitation Center
Fishersville, VA 22939
(703) 885-9600.

Other rehabilitation centers and facilities provide training, counseling, and referral services which may be useful to your small business venture.

With regard to professional careers, a notable special project designed for disabled professionals is the Project on the Handicapped in Science of the American Association for the Advancement of Science. The project encourages disabled individuals to enter and succeed in professional science careers. Among the activities of the project is a national resource center for information on scientific employment and educational opportunities. All information and referrals are provided free. Among the publications issued by the project is the Resource Directory of Handicapped Scientists.[6] For further information on this program contact:

American Association for the Advancement of Science
Project on the Handicapped in Science
Office of Opportunities in Science
1776 Massachusetts Avenue, NW
Washington, DC 20036
(202) 467-4497.

Private foundations and corporate philanthropies may also offer assistance. Such help can range from direct financial help (gifts and grants), technical assistance, donations of equipment and materials, to volunteer assistance. Corporate giving amounts to almost one-and-one-half billion dollars per year, with some twenty percent of all corporations in America making contributions. One example of such corporate giving programs is that operated by the Ralston Purina Company. This program provides seed money or capital injections and technical assistance to minority (including disabled) entrepreneurs. Loans of up to $10,000 may be made to disadvantaged entrepreneurs for worthy small business projects. Ralston Purina also provides grants to nonprofit organizations to improve the educational and/or economic potential of low income persons. Proposals for funding tangible items may be submitted at any Ralston plant, facility, or subsidiary business. For further information on this program contact:

Mr. Winston C. Gifford

Director of Social Programs
Ralston Purina Company
Checkerboard Square
St. Louis, MO 63188
(314) 982-3234.

A number of other corporate programs which may assist disabled or disadvantaged entrepreneurs are conducted by IBM, 3M Corporation, McDonald's Corporation, Hewlett-Packard Corporation, Xerox, and others.

A good review of techniques useful in seeking and obtaining corporate funding appears in an article in the Grantsmanship Center News.[7] This excellent review details research strategies and resources useful in finding out about private corporate sources of help. It cautions the fund seeker to search locally, since many corporations restrict funding to local areas. One good source of information on corporate givers is your local Chamber of Commerce which will probably have a directory of local corporations. Your local university business school will also be likely to have extensive corporate information (including corporate annual reports in many cases). Corporate foundations may also be located in your own area. The Grantsmanship Center has an excellent series of reprints on corporate and foundation fundraising that should prove helpful. To receive a list of relevant reprints contact:

The Grantsmanship Center
1031 South Grand Avenue
Los Angeles, CA 90015
(213) 749-4721.

In many ways the sources of nongovernmental help exceed those for governmental assistance. If your new small business venture is to succeed, a combination of financial and other public and private resources will influence the viability and survivability of your new venture. We have attempted to cover highlights of some major sources and types of help in this manual. There are many additional sources that you can locate in your own area through diligent, directed research. We hope the resources and references offered here will give you a good overview of some possible sources.

Financing and Capital Assistance Newsletters and Publications

Note: Since subscription rates fluctuate considerably for these publications, contact publishers directly for the latest subscription rates.

1. Barron's
22 Cortlandt Street
New York, NY 10007
Content: Weekly financial newspaper on all aspects of capital and money matters.

2. Finder's International
Star Route 2
Box 26
Hawley, PA 18428
Content: Newsletter on capital for small businesses and entrepreneurial ventures.

3. The Business Borrower
Suite 500
1529 Walnut Street
Philadelphia, PA 19102
Content: A biweekly newsletter on small business financing.

4. Business Monthly
United Media International, Inc.
306 Dartmouth Street
Boston, MA 02116
Content: Monthly newsletter focusing on financial and other management techniques.

5. CASHCO
2232 Arrowhead Avenue
Brooksville, FL 33512
Content: Newsletter on small business finance tied in with a financial service for small businesses.

6. Money Maker Newsletter
DuVall Press Financial Publications
920 W. Grand River
Williamstown, MI 48895
Content: Source of financial information for entrepreneurs.

7. Journal of Commercial Bank Lending
PNB Building
Philadelphia, PA 19107
Content: Trade journal for those interested in commercial lending and credit.

8. Business Opportunities Digest
Suite 114
3110 Maple Drive, NE
Atlanta, GA 30305
Content: Excellent source of money-finding help for the small businessperson.

9. Business Opportunities Journal
Business Services Corporation
1449 Garnet Avenue
San Diego, CA 92109
Content: A national investment newsletter.

10. Free Enterprise Magazine
Main Editorial Office
1212 Avenue of the Americas
New York, NY 10036
Content: Bimonthly magazine of general interest to entrepreneurs with topical reports on small business financing.

11. Select Information Exchange
2095 Broadway
New York, NY 10023
Content: Packager of subscriptions to journals and periodicals of interest to businesspersons. For a monthly fee you can receive trial subscriptions to several dozen publications in categories such as financing.

Books on Small Business Financing

1. The Guide to Venture Capital Sources (4th Edition, 1977)
Stanley Rubel
Capital Publishing Corporation
10 S. LaSalle Street
Chicago, IL 60603
Price: $37.00
Content: An indexed list of about 600 venture capital sources.

2. Source Guide for Borrowing Capital
Leonard Smollen, et al.
Capital Publishing Corporation
10 S. LaSalle Street
Chicago, IL 60603
Price: $49.50
Content: Describes the process of raising capital from public and private sources. Lists state agencies, commercial banks, insurance companies, commercial finance companies, and other lending institutions.

3. A Handbook of Business Finance and Capital Sources
Dileep Rao
InterFinance Corporation
305 Foshay Tower
Minneapolis, MN 55402
Price: $50.00
Content: References more than 1,000 capital sources, information on financing techniques and procedures, and other information on public and private capital sources.

4. How to Prepare and Use Cash Flow Projections
Stephen Heald
The Center for Entrepreneurial Management
311 Main Street
Worcester, MA 01608
Price: $25.00
Content: Provides fundamentals of the accounting process and examples of cash flow, break even, and other financial calculations often required by lenders.

5. A Guide to Money Sources and How to Approach Them Successfully
Kephart Communications, Inc.
901 Washington Street, Suite 200
Alexandria, VA 22314
Price: $12.50
Content: Reviews sources of loans, preparation of loan requests, financial data, and other information related to loans.

6. How and Where to Get Capital
B. Klein Publishing, Inc.
P.O. Box 8503
Coral Springs, FL 30065
Price: $18.00
Content: Provides information on almost 5,000 sources of capital (including foundations) and their borrowing requirements.

Small Business Nonacademic Training Opportunities

1. The Entrepreneurship Institute
   3592 Corporate Drive, Suite 100
   Columbus, OH 43229
   (614) 895-1153
   Description: Offers courses on "How to Create and Manage Your Own Business" in various cities throughout the country. Is supported by tuition and contributions from corporate sponsors.

2. The School for Entrepreneurs
   Tarrytown House
   E. Sunnyside Lane
   Tarrytown, NY 10591
   (212) 586-1919 or (914) 591-8200
   Description: Offers weekend how-to-start-your-own-business programs several times a year. Classes are offered in New York and California.

3. University Services Institute
   5862 Mayfield Road
   Box 24197
   Cleveland, OH 44124
   (216) 442-0800
   Description: Offers family-oriented business seminars and concentrates on issues of families within small businesses.

4. The County Business Brokers
   12 Linden Street, P.O. Box 824
   Brattleboro, VT 05301
   (802) 254-4504
   Description: Seminar programs for entrepreneurs held in various country inns in Vermont. Focuses on couple-oriented seminars and small class instruction.

5. East-West Center
   1777 East-West Road
   Honolulu, HI 96848
   Telex: 7430331
   Description: An international program for entrepreneurs from various cultures. Assists small businesspersons in identifying and developing entrepreneurial capacities and in finding new enterprise opportunities.

6. The Center for Entrepreneurial Management
311 Main Street
Worcester, MA 01608
(617) 755-0770
Description: Offers one-day and two-weekend courses in New England and other locations on small business topics.

NOTES

1. American Society of Association Executives, *Who's Who in Association Management*, (Washington: American Society of Association Executives, 1979).

2. George Solomon and Marc Sollosy, *Course Offerings in Small Business Management/Entrepreneurship*, (Milwaukee: International Council for Small Business, 1977).

3. Robert O. Bauer, *Small Business Goes to College*, (Washington: Small Business Administration, Office of Management Information and Training, 1978), p. 16.

4. U.S. Department of Health, Education, and Welfare, *Federal Assistance for Programs Serving the Handicapped*, (Washington: U.S. Department of Health, Education, and Welfare; Office of the Assistant Secretary for Human Development Services; Office for Handicapped Individuals, 1980).

5. Raymond C. Cheever, ed., *Home Operated Business Opportunities for the Disabled*, Accent Special Publications, (Bloomington: Cheever Publishing, Inc., 1977).

6. Janette Alsford Owens, Martha Ross Redden, and Janet Walsh Brown, *Resource Directory of Handicapped Scientists*, (Washington: American Association for the Advancement of Science, 1979).

7. Jack Shakely, "Exploring the Elusive World of Corporate Giving," *The Grantsmanship Center News* Issue #21, (July-September 1977): 35-59.

SOME KEY DECISIONS

LOCATING YOUR NEW ENTERPRISE

Once you have made some basic decisions about the type of business you will start, the kind of organizational structure it will have, and basic business plans, you will have to make some early decisions about where to locate your business. If you are in a retail business, the location of your business will be quite critical. In looking for a profitable location for your new business you should:

- First, select the town or city you will operate in
- Second, choose the area within the city or town you have selected
- Finally, select a specific location within the chosen area.

You may have already decided that you want to remain in your own community and town. However, in selecting a business site your business marketing plan rather than personal preferences should take precedence. While it is important to choose a community in which you will be happy, if your new business is to succeed, make sure that the community needs it.

Large companies devote huge sums and many person hours to selecting geographic locations. As a small business operator your efforts will, of course, be much less detailed and precise. However, you should attempt to evaluate the town where you will be doing business, whether you are interested in a retail store or service establishment, wholesale business, or manufacturing concern. One factor you might consider is population. What is the composition of the city by age, occupation, and income? How fast is the town growing? These aspects may greatly influence your retail sales. If you are starting a manufacturing or wholesaling business, you will be interested in the local labor supply and prevailing pay rates and salaries. You will also want to know if your suppliers can get freight to you at reasonable rates.

You should also be concerned about your competition. Census data will be useful in telling you the number of businesses that will directly compete with your new concern. Other factors to consider when selecting the town or city to operate in are the adequacy of fire protection and public services, parking, public facilities, and utilities. You will also want to know about local zoning, taxes, average rents, and other factors. You should know as much as you can about the town where you locate before you invest in a business there. A number of information sources, including wholesalers, equipment suppliers, Chambers of Commerce, state development agencies, and other sources familiar with the community will be helpful in gathering this information.

Once you have decided on a city or town to settle in, you will need to investigate locations within the town. In a very small town your choices will be fairly limited if you are starting a retail or service business. In a larger city you will have numerous options. The kind and type of merchandise you will carry as a retailer will help to determine your location. Grocery stores, drug stores, service stations, and bakeries do well on major through streets and neighborhood streets just outside shopping districts. Clothing stores, jewelry shops, and department stores do better in major shopping districts or shopping centers. Furniture, grocery, and hardware stores usually pay a low rent per square foot, while drug, department, and cigar stores often pay a high rent per square foot.

The size of your store will often determine the location you eventually choose. In many cases a downtown location will be excluded because of the high rents. Just as with the town, there are a number of questions you should be asking:

- What is the competition in the area?
- How many stores look prosperous?
- How many businesses look like they are barely surviving?
- How many similar businesses went broke in the area recently?
- How many new stores opened last year?
- Which stores will be your biggest competitors?
- What is the composition of the community?

The sources which you might consult to answer these questions include trade associations, local newspapers, banks, and real estate agencies.

When selecting the actual building site you may want to consider:

- Is parking adequate?
- Is traffic fairly heavy all day?
- Is street lighting good?
- What is the history of the location? (Have stores opened and gone out of business there frequently?)
- What is the physical condition of the location?
- Is the rent reasonable?
- Can the building be adapted for your use at a reasonable cost?
- Will there be enough room if your business grows?

Once you have some likely sites, ask your banker or other adviser to recommend several people who know about locations in your line of business. Time spent in thoroughly researching the town or city, neighborhood location, and building may be crucial to the success of your new business.

Before closing the topic of location decision, one additional area should be discussed. This is the use of your own home as an office. If you are considering professional or consulting self-employment, your home may be the ideal location for such businesses. As was discussed earlier, many severely disabled workers may be able to set up quite successful small businesses within their own homes. Furthermore, in starting a new professional venture from scratch, a new office may often prove to be an unproductive drain on your precious cash resources. During your first few months you should consider conducting your professional services from your own home. The cost of an outside office is usually more than anticipated and will often add little to your business accomplishments (especially during the early months). After you are established in your professional or consulting practice or are ready to hire employees, the move to an outside office should be explored. More and more these days home-based businesses are becoming more fashionable, accepted, and profitable.

DETERMINING CAPITAL NEEDS

There are no hard and fast rules for determining how much money you will need to start up your new business. Each business' capital needs must be separately determined. The range of start-up capital needs will vary by the type of business (wholesale, retail, service, or manufacturing), product line, business location, business conditions, and numerous other factors.

The Small Business Administration has issued several excellent publications (referred to earlier) which will help you calculate your initial investment. In estimating your start-up costs in a retail business, the SBA recommends you list and estimate costs for: fixtures and equipment, starting inventory, decorating and remodeling, installation of equipment, utilities deposits, legal and professional fees, licenses and permits, initial advertising, accounts receivable, and operating cash.[1]

Many new businesses do not show a profit for several years. If this appears to be the case in your business, you will need to plan for financial reserves to carry your business through this period. To properly plan for the financial future of your new small business, you will need to develop:

- Expected sales and expense figures for the first twelve months of operation
- Cash flow (or cash forecast) figures for the first twelve months of operation.

In many cases, estimates of operating expense items may be obtained for given industries. You may be able to get operating ratios and other financial information on the business you are interested in by contacting trade associations and groups, specialized accounting firms, colleges, and universities, and trade magazines. A number of good business services also provide information on a wide variety of business financial operation data. (See the end of the chapter for some sources on financial operations.)

One critical factor in developing your start-up and first-year costs is your expected sales volume. In addition to your independent estimates, seek the advice of wholesalers, trade associations, your local banker, and other businesspersons to supplement your efforts. Some worksheets have been developed by the SBA to help small businesspersons estimate monthly and one-time, start-up costs.[2] These will help you to list and detail monthly costs such as rent, salaries, supplies, utilities, insurance, and other costs as well as one-time costs such as fixtures, equipment, and starting inventory. Your available capital should exceed the cash needs you project by a safe margin because you will not only need enough in reserve to get started, but will also need enough to carry you over until your business becomes self-supporting.

GETTING GOOD HELP

Throughout this manual a number of sources of assistance have been detailed. In starting and operating your new business, you should seek out the best help available with your legal, banking, accounting, insurance, and other business matters. Unfortunately, the best professionals seem to charge the highest hourly rates. However, in the long run they will prove to be the least expensive because they will probably help you to resolve problems before they get out of control.

Earlier, a number of tips were suggested for getting good legal help. You should seek out a law firm or lawyer with a good reputation, because your new business will gain stature through association with a well-respected firm. A good lawyer will often be gifted in finance, public relations, or other skills useful to you. In addition, your lawyer may give you access to the "old-boy network" which will save you time or effort in finding other resources and help.

Selecting an accountant will be equally important to your new business. Like your lawyer, your accountant can put you in touch with excellent people and companies that will otherwise be unknown to you. Your accountant will sign your financial statements, audit your books, and hence contribute or detract from your business credibility. Your lawyer or accountant should help you to review legal, tax, and insurance questions. Following are some of the most common special requirements of which you must be aware:

- Licensing - controls vary depending on type and location of your business; retail food establishments, bars and restaurants, beauty shops, barber shops, and most other service establishments are often required to have local or state licenses. Retail stores may be subject to fire, safety, and zoning restrictions.

- Insurance - before opening your business, you should be covered for liability and losses including fire, general liability, automobile liability, health, and life insurance, etc.

- Other laws and regulations - other laws or regulations you should be aware of include consumer protection practices (e.g., truth in lending, food and drug requirements, etc.); environmental protection practices required by local, state, and federal bodies; interstate commerce requirements or antitrust-related laws; and labor relations laws (e.g., minimum wage, labor management, civil rights, and other requirements).

- Taxes - your business will be subject to various local, state, and federal taxes. You should be fully informed about social security, excise, and corporation taxes; personal income tax payments must be estimated on a quarterly basis if you are a sole proprietor, partner, or are self-employed. Finally, you must also be aware of state income, property, sales, occupation, or other business taxes.

It will be impossible for you to get all the information you will need on these and other business requirements on your own. Find a good legal and business advisor by talking to your friends, relatives, bankers, and other business associates. Also, refer to the resources provided in this manual to help you to formulate your business planning and to find business contacts. Your local Small Business Administration office, vocational rehabilitation agency, or other private social service agency may also be helpful in referring you to good professional help. Becoming a small businessperson or self-employed worker does not mean that you will be "going it alone." Don't be afraid to seek out good help or advice when you need it.

Sources on Financial Operations

1. Robert Morris Associates
   1432 Philadelphia National Bank Building
   Philadelphia, PA 19107
   (215) 563-0267
   Service: Issues data and information on more than 300 industries in its Annual Statement Studies. Includes sixteen commonly used balance sheets and operating ratios.

2. Bank of America
   Department 3120
   P.O. Box 37000
   San Francisco, CA 94137
   (415) 622-2491
   Service: Issues forty titles in its Small Business Reporter series which deal with specific businesses, investment requirements, and operational formats. A Publication Index is available free of charge, with reports available for postage and handling.

3. CASHCO
   2232 Arrowhead Avenue
   Brooksville, FL
   Service: Offers a package of financial planning services to small businesses including an excellent newsletter on finance.

4. Dun and Bradstreet
   Public Relations Department
   99 Church Street
   New York, NY 10007
   Service: Provides industry information including an annual publication, Key Business Ratios in 125 Lines, and other valuable publications and data on business operations.

5. Merrill, Lynch, Pierce, Fenner and Smith
   One Liberty Plaza
   165 Broadway
   New York, NY 10006
   Service: One of the best sources of information on small business finance and operating costs. Also issues free booklets on financial topics.

NOTES

1. Business Plan For Retailers, Small Marketers Aids (SMA 150), (Washington: U.S. Small Business Administration, 1979).

2. Checklist For Going Into Business, Small Marketers Aids (SMA 71), (Washington: U.S. Small Business Administration, 1977).

APPENDIXES

APPENDIX A

SMALL BUSINESS ADMINISTRATION
REGIONAL OFFICES

REGION I

SBA Regional Office
150 Causeway Street
Boston, MA 02114

REGION II

SBA Regional Office
26 Federal Plaza
New York, NY 10007

REGION III

SBA Regional Office
1 Decker Square, East Lobby
Bala Cynwyd, PA 19004

REGION IV

SBA Regional Office
1401 Peachtree Street, NE
Atlanta, GA 30309

REGION V

SBA Regional Office
219 S. Dearborn Street
Chicago, IL 60604

REGION VI

SBA Regional Office
1720 Regal Row
Dallas, TX 75235

REGION VII

SBA Regional Office
911 Walnut Street
Kansas City, MO 64106

REGION VIII

SBA Regional Office
721 Nineteenth Street
Denver, CO 80202

REGION IX

SBA Regional Office
450 Golden Gate Avenue
San Francisco, CA 94102

REGION X

SBA Regional Office
710 Second Avenue
Seattle, WA 98104

APPENDIX B

STATE VOCATIONAL REHABILITATION PROGRAMS

Alabama Rehabilitation and
Crippled Children Services
P.O. Box 11586
Montgomery, AL 36111.
(205)281-8780

Alaska Office of Vocational
Rehabilitation
Pouch F, Mail Station 0581
Juneau, AK 99811
(907)586-6500

Arizona Rehabilitation Services Bur.
Department of Economic Security
1400 W. Washington Street
Phoenix, AZ 85007
(602)255-3332

Arkansas Dept. Human Services
Rehab. Services Division
1801 Rebsamen Park Road
P.O. Box 3781
Little Rock, AR 72203
(501)371-2571

California Dept. of Rehab.
830 K Street Mall
Sacramento, CA 98514
(916)445-3971

Colorado Dept. of Social Services
Division of Rehabilitation
1571 Sherman Street
Denver, CO 80203
(303)866-2652

Connecticut State Dept. of Ed.
Division of Vocational Rehab.
600 Asylum Avenue
Hartford, CT 06105
(203)566-3316

Delaware Department of Labor
Div. of Vocational Rehabilitation
820 N. French Street

Florida Dept. of Health and
Rehabilitation Services
Office of Voc. Rehab.
1323 Winewood Boulevard
Tallahassee, FL 32301
(904)488-6210

Georgia Dept. of Human Resources
Division of Vocational Rehab.
610 State Office Bldg.
Atlanta, GA 30334
(404)656-2621

Guam Dept. of Vocational Rehab.
P.O. Box 10-C
Agana, GU 96910
(Overseas) 472-8806;
Dial 011671 first

Hawaii Dept. of Social Services
Voc. Rehab. & Svcs. f/t Blind
Room 216, Queen Liliuokalani Bldg
P.O. Box 339
Honolulu, HI 96809
(808)548-4769

Idaho Div. of Vocational Rehab.
1501 McKinney
Boise, ID 83704
(208)334-3390

Illinois Dept. of Rehab. Services
623 E. Adams Street
P.O. Box 1587
Springfield, IL 62705
(217)782-2093

Indiana Rehabilitation Services
P.O. Box 7070
Indianapolis, IN 46207
(317)232-6503

Iowa Dept. of Public Instruction
Rehab. Education & Svcs. Branch
510 E. 12th Street

Wilmington, Delaware 19801
(302)571-2850

District of Columbia Dept. of
Human Resources
Voc. Rehab Services Admin.
122 C Street NW Fl. R-81
Washington, DC 20001
(202)727-3227

Kentucky Dept. of Education
Bureau of Voc. Rehab. Services
Capital Plaza Office Tower
Frankfort, KY 40601
(502)564-4440

Louisiana Dept. of Health and
Human Services
Division of Rehab. Services
P.O. Box 44371
Baton Rouge, LA 70804
(504)342-2285

Maine Bureau of Rehabilitation
32 Winthrop Street
Augusta, ME 04330
(207)289-2266

Maryland Division of Voc. Rehab.
200 W. Baltimore Street
Baltimore, MD 21201
(301)659-2294

Massachusetts Rehab. Commission
20 Providence Street
11th Floor, Statler Office Bldg.
Boston, MA 02116
(617)727-2172

Michigan Dept. of Education
Vocational Rehabilitation Service
P.O. Box 30010
Lansing, MI 48909
(517)373-3390

Minnesota Div. of Voc. Rehab.
Dept. of Economic Security
390 Robert Street
Fifth Floor

Des Moines, IA 50319
(515)281-4311

Kansas Dept. of Social & Rehab.
Services
Division of Vocational Rehab.
2700 W. 6th - Biddle Bldg.
Topeka, KS 66606
(913)296-3911

Nebraska State Dept. of Ed.
Div. of Rehabilitation Services
301 Centennial Mall, 6th Fl. #502
Lincoln, NE 68509
(402)471-2961

Nevada Dept. of Human Resources
Rehabilitation Division
Kinkead Building, Fifth Floor
505 E. King Street
Carson City, NV 89701
(702)885-4440

New Hampshire State Dept. of Ed.
Div. of Vocational Rehab.
105 Loudon Road, Bldg. No. 3
Concord, NH 03301
(603)271-3121

New Jersey Dept. of Labor
& Industry
Div. of Voc. Rehabilitation Svcs.
Labor & Industry Bldg., Room 1005
John Fitch Plaza
Trenton, NJ 08625
(609)292-5987

New Mexico Dept. of Education
Vocational Rehabilitation
231 Washington Avenue
P.O. Box 1830
Santa Fe, NM 87503
(505)827-2267

New York Dept. of Education
Office of Vocational Rehab.
99 Washington Avenue
Albany, NY 12230
(518)473-4595

St. Paul, MN 55101
(612)296-1822

Mississippi Div. of Voc. Rehab.
932 N. State Street
P.O. Box 1698
Jackson, MS 39205
(601)354-6825

Missouri State Dept. of Education
Div. of Vocational Rehab.
2401 E. McCarty
Jefferson City, MO 65101
(314)751-3251

Montana Social & Rehab. Svcs.
Rehabilitation Services Division
P.O. Box 4210
Helena, MT 59601
(406)449-2590

Oklahoma Dept. of Institutions,
Rehabilitation Services
Div. of Rehab. & Visual Services
P.O. Box 25352
Oklahoma City, OK 73125
(405)424-5818

Oregon Dept. of Human Resources
Vocational Rehab. Division
2045 Silverton Road, NE
Salem, OR 97310
(503)378-3728

Pennsylvania Bureau of Voc. Rehab.
Labor & Industry Building
7th & Forster Streets
Harrisburg, PA 17120
(717)787-7634

Puerto Rico Dept. of Soc. Svcs.
Vocational Rehab. Services
P.O. Box 1118
Hato Rey, PR 00919
(809)725-1792

Rhode Island Voc. Rehab. Division
40 Fountain Street
Providence, RI 02903
Telephone: 401/421-7005

North Carolina Dept. of Human
Resources
Div. of Vocational Rehab.
State Office
620 N. West Street, Box 26053
Raleigh, NC 27611
(919)733-3364

North Dakota Div. Voc. Rehab.
1025 N. 3rd Street, Box 1037
Bismarck, ND 58501
(701)224-2907

Ohio Rehab. Services Commission
4656 Heaton Road
Columbus, OH 43229
(614)436-1210

Vermont Dept. of Social and
Rehabilitation Services
Vocational Rehab. Division
103 S. Main Street
Waterbury, VT 05676
(802)241-2186

Virginia Dept. of Rehab. Svcs.
4901 Fitzhugh Avenue
P.O. Box 11045
Richmond, VA 23230
(804)257-0316

Virgin Islands Dept. of Social
Welfare
Div. of Vocational Rehab.
P.O. Box 539
St. Thomas, VI 00801
(809)774-0930

Washington Dept. of Social and
Health Services
Div. of Vocational Rehab.
P.O. Box 1788 (Mail Stop OB-21C)
Olympia, WA 98504
(206)753-2544

West Virginia State Board of Ed.
State Capitol Complex
Charleston, WV 25305
(304)348-2375

South Carolina Voc. Rehab. Dept.
3600 Forest Drive
P.O. Box 4945
Columbia, South Carolina 29240
Telephone: 803/758-3237

South Dakota Dept. of Vocational Rehab.
Richard F. Kneip Bldg.
Illinois Street
Pierre, South Dakota 57501
Telephone: 605/773-3195

Tennessee Division of Voc. Rehab.
Suite 1400 - 1808 W. End Building
Nashville, Tennessee 37203
Telephone: 615/741-2521

Texas Rehabilitation Commission
118 East Riverdale Drive
Austin, Texas 78704
Telephone: 512/447-0108

Utah State Office of Education
Division of Rehab. Services
250 East Fifth South
Salt Lake City, Utah 84111
Telephone: 801/533-5991

Wisconsin Dept. of Health and
Social Services
131 West Wilson Street, 7th Floor
Madison, Wisconsin 53702
Telephone: 608/266-2168

Wyoming Dept. of Hlth & Soc.Svcs
Hathaway Bldg., West
Cheyenne, Wyoming 82002
Telephone: 307/328-9387

STATE VOCATIONAL REHABILITATION PROGRAMS SERVING BLIND AND VISUALLY IMPAIRED PERSONS

Arizona Dept. of Economic Security
Rehabilitation Services Bureau
Section of Rehabilitation for the
Blind and Visually Impaired
P.O. Box 6123
Phoenix, AZ 85007
(602)255-4791

Arkansas Dept. of Social and
Rehabilitation Services
Office for Blind/Visually Impaired
411 Victory Street, P.O. Box 3237
Little Rock, AR 72203
(501)371-2587

Connecticut Board of Education
Services for the Blind
170 Ridge Road
Wethersfield, CT 06109
(203)249-8525

Delaware Dept. of Health and
Social Services
305 W. Eighth Street
Wilmington, DE 19801
(302)571-3570

Florida Dept. of Education
Office of Blind Services
2571 Executive Center Circle, East
Howard Building
Tallahassee, FL 32301
(904)488-1330

Idaho Commission for the Blind
Statehouse
Boise, ID 83704
(208)384-3220

Iowa Commission for the Blind
Fourth & Keosauqua
Des Moines, IA 50309
(515)283-2601

Kansas Dept. of Soc. & Rehab. Svcs.

Louisiana Dept. of Health and
Human Resources
Office of Human Development Svcs.
Blind Services Program
1755 Florida Street
Baton Rouge, LA 70821
(540)342-5284

Massachusetts Commission for the
Blind
110 Tremont Street, 6th Floor
Boston, MA 02108
(617)727-5508

Michigan Dept. of Labor
Commission for the Blind
309 N. Washington Avenue
Lansing, MI 48909
(517)373-2062

Minnesota Dept. of Public
Welfare
1745 University Avenue, 1st Floor
St. Paul, MN 55104
(612)296-6034

Mississippi Board of Education
Vocational Rehab. for the Blind
P.O. Box 4872
Jackson, MS 39215
(601)354-6412

Missouri Bureau for the Blind
Division of Family Services
619 E. Capital
Jefferson City, MO 65101
(314)751-4249

Montana Dept. of Social &
Rehabilitation Services
Visual Services Division
P.O. Box 4210
Helena, MT 59601
(406)449-3434

Services for the Blind & Visually
  Handicapped
Biddle Bldg.
2700 W. 6th Street
Topeka, KS 66606
(913)296-4454

Kentucky Bureau of Blind Services
State Office Bldg., Annex
Frankfort, KY 40601
(502)564-5754

New Jersey Commission for the
  Blind and Visually Impaired
1100 Raymond Boulevard
Newark, NJ 07102
(201)648-2324

New York Commission for the
  Visually Handicapped
State Dept. of Social Services
40 N. Pearl Street
Albany, NY 12243
(518)474-6739

North Carolina Dept. of Human
  Resources
Division of Services for the Blind
410 N. Boylan Avenue
P.O. Box 2658
Raleigh, NC 27602
(919)733-4231

Oregon Commission for the Blind
535 S.E. 12th Avenue
Portland, OR 97214
(503)238-8380

Pennsylvania Dept. of Public
  Welfare
Bureau for the Visually Handicapped
P.O. Box 2675, Rm. 300
Harrisburg, PA 17120
(717)787-6176

Rhode Island Dept. of Social and
  Rehabilitation Services
Services for the Blind and
  Visually Impaired
46 Aborn Street

Nebraska Dept. of Education
Division of Rehabilitation
Svcs. for the Visually Impaired
1047 South Street
Lincoln, NE 68502
(402)471-2891

Tennessee Dept. of Human Services
303-304 State Office Bldg.
Nashville, TN 37219
(615)741-2919

Texas State Commission f/t Blind
P.O. Box 12866, Capitol Station
Austin, TX 78711
(512)475-6810

Utah State Office of Education
309 E. First Sourth
Salt Lake City, UT 84111
(801)533-9393

Vermont Dept. of Soc. & Rehab.
   Services
Div. for the Blind & Visually
   Handicapped
Osgood Bldg., Waterbury Complex
103 S. Main Street
Waterbury, VT 05676
(802)241-2186

Virginia Commission for the
  Visually Handicapped
3003 Parkwood Avenue
P.O. Box 7388
Richmond, VA 23221
(804)257-0591

Washington State Commission for
  the Blind
3411 S. Alaska Street
Seattle, WA 98118
(206)721-4447

Providence, RI 02003
(401)277-2300

South Carolina Comm. for the Blind
1430 Confederate Avenue
Columbia, SC 29201
(803)758-2595

APPENDIX C

UNIVERSITY BUSINESS DEVELOPMENT CENTERS

The following is a list of current University Business Development Centers (UBDCs) which are usually funded by the Small Business Administration and affiliated with local universities. Other universities are also developing Small Business Development Centers, and you should inquire locally to determine the availability of such programs. Further information on the UBDC program can be obtained by writing: Chief, UBDC Division, Small Business Administration, Washington, DC 20416.

1. California State Polytechnic University
   School of Business Administration
   3801 W. Temple Avenue
   Pomona, CA 91768
   (714) 598-4211

2. University of West Florida
   Business Development Center
   Eglin-Ft. Walton Beach Center
   P.O. Box 1492
   Eglin AFB, FL 34542
   (904) 243-4515

3. California State University
   School of Business
   Center for Business and Economic Development
   Chico, CA 95209
   (916) 895-5711

4. University of Maine at Portland-Gorham
   New Enterprise Institute
   Center for Research and Advanced Study
   622 Research Center
   96 Falmouth Street
   Portland, ME 04103
   (207) 774-7042

5. University of Nebraska at Omaha
   College of Business Administration
   60th and Dodge
   Omaha, NE 68182
   (402) 554-2303

6. University of Missouri - St. Louis
School of Business Administration
8001 Natural Bridge Road
St. Louis, MO 63121
(314) 553-5881

7. Rutgers University
School of Business
Ackerson Hall, 180 University Avenue
Newark, NJ 07102
(201) 648-5621

8. University of Georgia at Athens
College of Business Administration
Athens, GA 30602
(404) 542-8100

9. Howard University
Institute for Minority Business Education
School of Business and Public Administration
P.O. Box 748
Washington, DC 20059

READER RESPONSE FORM

The Institute for Information Studies is committed to producing the most useful and current information on rehabilitation topics for disabled consumers and other members of the rehabilitation community. Therefore, we seek to identify your interests and needs, and to determine how we can improve our publications. The information you give us will be used to select relevant topics and channels for promotion and distribution for the coming year. We would greatly appreciate your completing the form below by checking the appropriate spaces corresponding to your situation.

1. I would like to be on your mailing list to hear about upcoming publications or services. ☐ yes ☐ no

   Name____________________ Title________________

   Organization____________________________

   Address________________________________
   Street (Box #). City State Zip

   Telephone #____________________________
   Area Code

2. I am disabled. ☐ yes ☐ no

   I have a disabled person in my family. ☐ yes ☐ no

   I am visually impaired. ☐ yes ☐ no

3. I work in:

   ☐ 01 State rehabilitation agency (general)
   ☐ 02 State rehabilitation agency (blind)
   ☐ 03 Private rehabilitation agency/workshop
   ☐ 04 Federal or regional government office
   ☐ 05 Rehabilitation professional organization
   ☐ 06 Disabled consumer organization
   ☐ 07 Insurance company
   ☐ 08 Legislative-branch office
   ☐ 09 Medical organization
   ☐ 10 Academic institution
   ☐ 99 Other organization (please describe)________________
   ____

4. I work as a:

   ☐ 01 Rehabilitation counselor
   ☐ 02 Job placement specialist
   ☐ 03 Educator/researcher
   ☐ 04 Staff development (training) specialist
   ☐ 05 Administrator
   ☐ 06 Public information provider
   ☐ 07 Medical practitioner (including practitioners of such allied medical professions as nursing, physical and occupational therapy)
   ☐ 99 Other profession (please describe)________________
   ____

5. I read________________________________
   Name of this Emerging Issues Publication

6. I found this publication (check all the apply):

Practical ☐ yes ☐ no
Informative ☐ yes ☐ no
Relevant to my needs ☐ yes ☐ no
Clear ☐ yes ☐ no
Too long ☐ yes ☐ no
Too short ☐ yes ☐ no
Too technical ☐ yes ☐ no
Too simplistic ☐ yes ☐ no
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Other comments ____

____

7. I found out about this publication from:

☐ Newsletter article or review. Which newsletter? ____________________
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8. What I liked most about this publication was:

____

____

____

9. For future, similar publications, here are some ways I think you could improve your product's content, format, and/or distribution:

____

____

____

10. I would be interested in seeing future publications on these subjects:

	Very Interested	Somewhat Interested	Uninterested
Job Opportunities for Disabled Persons in Science and Technology	______	______	______
How to Use Sheltered Workshops	______	______	______
Housing and Homemaking for Disabled Individuals	______	______	______

11. I would be interested in attending a workshop, if conducted in my area, on:

	Very Interested	Somewhat Interested	Uninterested
Small Business Enterprises for Workers with Disabilities			
Social/Interpersonal Skills of Disabled Persons			
Job-Seeking Skills			

12. I would be willing to travel (and have funds available) to attend such a workshop. ☐ yes ☐ no

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Thank you for your valuable cooperation!

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